

Monday August 12 1975

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# Workers to occupy ailing NVT factory

Workers at the NVT motor plant in Wolverhampton decided yesterday to occupy the factory while helping the liquidator to try to find a way of reopening it. A union official described the move as "a sit-in on the company's assets". A mass meeting heard that there was no money available to pay the week's wages due to the 1,500 workers, who will draw unemployment pay.

## Company unable to pay week's wages

Clifford Webb, NVT Industrial Correspondent and Arthur Osman, Wolverhampton, said last night that the company had failed to pay the wages of 1,500 workers. The workers, who are employed on a temporary basis, are now being asked to occupy the factory. The company's liquidator, Mr. Kenneth Purchase, said that the company had no money to pay the wages. He said that the company had been in a state of financial crisis for some time and that the liquidator was now trying to find a way to reopen the company. The workers, who are employed on a temporary basis, are now being asked to occupy the factory. The company's liquidator, Mr. Kenneth Purchase, said that the company had no money to pay the wages. He said that the company had been in a state of financial crisis for some time and that the liquidator was now trying to find a way to reopen the company.

# Mob sack Communist offices in Braga

From Michael Kapsa, Lisbon, Aug 11

The headquarters of the Communist Party in Braga was sacked by a mob of about 200 people yesterday. The mob, which was led by a man who called himself "General", sacked the offices and then set fire to the building. The mob then moved on to the offices of the Portuguese military academy, which they also sacked. The mob then moved on to the offices of the Portuguese military academy, which they also sacked. The mob then moved on to the offices of the Portuguese military academy, which they also sacked.

## Provisional IRA admit part in gun battles

From Stewart Tandler, Belfast

The Provisional IRA yesterday admitted that despite their ceasefire they fought gun battles with the Army during last weekend's violence in Belfast. The IRA said that they had been involved in a number of gun battles with the Army. The IRA said that they had been involved in a number of gun battles with the Army. The IRA said that they had been involved in a number of gun battles with the Army.



Beaten up by the mob who suspected he was a Communist, a blood-stained youth shelters behind policemen who dragged him from the crowd in Braga yesterday

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# Mrs Gandhi suffers setback in ruling by Supreme Court

Delhi, Aug 11—Mrs Gandhi, the Indian Prime Minister, suffered a setback in the Supreme Court today when the bench of five judges refused to hear her appeal against an election law conviction.

The Supreme Court, which has the power to overturn the constitution, today refused to hear Mrs Gandhi's appeal against a conviction under a 1973 law which made it illegal for a Prime Minister to be a member of a political party. The court's decision was a setback for Mrs Gandhi, who has been fighting the conviction since it was handed down in 1973.

## Last chance reshuffle of Argentine Cabinet

Buenos Aires, Aug 11—The Argentine Cabinet resigned today to permit President Isabel Peron to reshuffle the Government for the third time in a month.

The resignation of the eight-member Cabinet, which was led by the Minister of the Interior, was a result of a series of problems that have plagued the Government since it took office in July 1974. The problems include economic difficulties, political instability, and a lack of support from the public. The President is now expected to reshuffle the Cabinet.

## Cuba returns nearly \$2m hijack ransom to US

Washington, Aug 11—The Cuban Government has returned nearly \$1,999,200 (US\$2,000,000) to the United States, which had been paid in ransom for the hijacking of a Southern Airways DC9 airliner in November, 1972.

The repayment was made by cheque, and the cheque was produced at a press conference in Washington today by Senator John Sparkman, of Alabama, chairman of the Senate foreign relations committee. The cheque was given to the United States by the Cuban Government.

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# rice indices underline inflation drop

Lesale prices in July rose by under 11 cent, indicating a further slowing in inflation rate. In the three months to July, the rate was about 15 per cent, but the effect of higher excise duties used in the Budget, and industrial output fell by 3.5 per cent in the second quarter, and is now no higher than the level of five years ago.

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## Portugal denies Timor report

Portuguese government spokesman in Lisbon yesterday said that there had been no coup in Portuguese Timor. He said that the report was a "disinformation" and that the Portuguese government was not involved in the situation.

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## Australia concerned submarine delay

Australian Minister of Defence has said the help of the British Government speeding up work on two submarines which are being built in Britain for the Royal Australian Navy. Construction is two years behind schedule.

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## Extra docks aid

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## Bank rates rise

Four leading American banks yesterday raised their prime rates and raised prime rates from 7 1/2 to 8 per cent. The move was a response to a report that the Federal Reserve Board had raised its discount rate.



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## Bomb trial warning

The jury in the Birmingham public house bombing trial at Lancaster were told by Mr Justice Bridge yesterday to adopt an attitude of "dispassionate detachment".

Of the explosions which killed 21 people and injured 166, he said: "It was all so senseless." The jury in the Birmingham public house bombing trial at Lancaster were told by Mr Justice Bridge yesterday to adopt an attitude of "dispassionate detachment".

## Outlook changeable: The weather symbols in BBC television forecasts are to be replaced by a "far-superior" system from next Saturday

Germany: Four French aircraft were brought in to fight the four-day brush fire on Luneburg Heath

Middle East: Colonel Gaddafi's closure of Libyan borders to all Egyptians widens rift between Arab neighbours

Water: Special Report on desalination and water treatment

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# Curbs on private medical sector

Controls on the growth of the private medical sector are planned by the Department of Health and Social Security in a new Bill which it does not operate to the detriment of the National Health Service when pay-beds are phased out.

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## Mars shot postponed

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## On other pages

Features, pages 5 and 12

Richard Paves on differences among communists

David Jones translates the language of détente; Alex Fletcher, MP, on how a Scottish Assembly could point the way to more effective government throughout Britain; Frank Vogel on the political implications of the election; Commentaries by companies

Letters: On tied cottages, from Mr F. R. Francis and Mr Robert Beard; on industrial democracy, from Mr Robert Martin

Leading articles: Communist politics in Asia; Motor-cycle workers and their attempt to keep going; London's dockland

Arts, page 7

David Jones tells Sheridan Morley about his programme at the Aldwych; Paul Overy on the Liberty's exhibition at the V and A; Philip Norman on Procel Harum (Palladium)

Sport, pages 8 and 9

Crickets: Scores century against Australians on eve of third Test match; Racing: Gloucester set to United States; Prospects for three meetings

Obituary, page 14

Dr C. J. Massey Dawkins; Mr Hugh Chevins

Business News, pages 15-20

Stock market: Shares started the new account with a minor rally and the FT index closed 4.5 better to 253.5. The gilt-edged market was quiet

Financial Editor: An unhappy pointer from Commercial Union; nationalization uncertainty at Ship Canal; the new British Leyland is below par

Business features: Eric Wigham looks at an organization aiming to improve the quality of working life; Alan Hutchinson considers the problems facing Nigeria

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# Police called in as dispute cripples Fire Brigade

By Tim Jones, Labour Staff

London Fire Brigade called for police assistance in emergency yesterday because of continuing industrial action by firemen over a pay and conditions claim.

A police spokesman said that if a station was unable to respond to a fire call he would send out a mobile patrol to "assess the gravity of the situation and report back immediately". The fire brigade said that by mid-afternoon police had attended nine fires.

Police help was requested by Mr Joseph Milner, the chief fire officer, after he had sent a teleprinter message to all stations appealing to firemen to "search your consciences and put your appliances back on the road".

He said large areas of London were not covered by fire stations and "the jeopardy of the safety of the public whom we claim to serve". He told the men, who have been involved in a nationwide, 14-week dispute, that he had "no alternative" but to ask for police assistance.

Mr Milner, who was speaking on the eve of Home Office talks called to find a solution to the dispute, said that 23 of London's 116 fire stations were completely out of operation, with 98 "first-line" appliances.

His calling for police assistance to assess the degree of a fire was "the most distressing decision any chief officer could have to make".

The Fire Brigades Union's action is aimed at securing a commitment that the men will be paid a full 55-a-week in-

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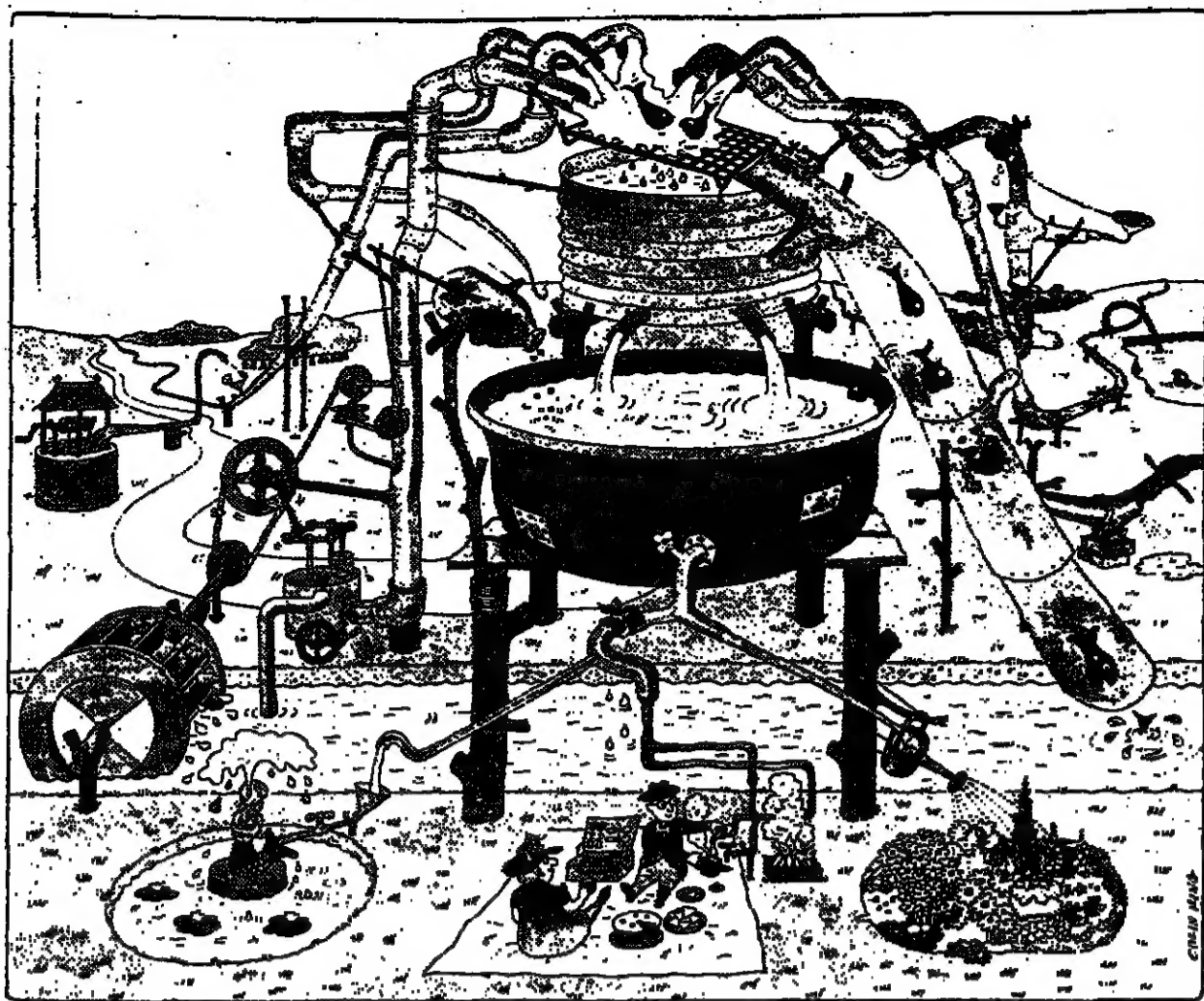






a Special Report on desalination and water treatment

# WATER



## Demand rises despite soaring costs

by Pearce Wright

The company regrets that it has been necessary to make a substantial increase in the water rate from July 1. Costs have been rising in an unprecedented manner. That was the opening to an explanation for the huge rise in water rates in my area and the start of a sorrowful dirge of how costs of main items have risen by as much as 112 per cent.

The largest jump, one of 117 per cent in rates paid by the water company to local authorities, prompted for some reason an assuredly unwelcome thought about the behaviour of local service organisations in mid-Essex. However, the situation is similar,

or indeed worse, elsewhere. Throughout the country both the industrial and domestic consumers have been feeling the impact of soaring charges for water services after the recent reorganisation, putting water supply and sewage treatment into one industry. Some costs to industrial consumers have gone up more than tenfold. In a roundabout way this has, perhaps, had a salutary effect by emphasizing the importance of not taking water supplies for granted, but rather showing that water should be regarded as a precious resource. Whereas in principle the country has enough rainfall to meet its needs, the

regional concentration of the domestic and industrial users does not coincide with those zones of highest rainfall. The maintenance of supplies will thus depend as much on treatment and reuse of water as in opening new reserves.

The water supply industry provides about 36,000 gallons a year for each person of the population, excluding agricultural and industrial use. Demand is forecast to rise by more than 77,000 gallons a year by the turn of the century if trends in living standards continue on existing lines. Industrial supplies vary enormously according to types of manufacturing

processes: indeed, some operations need a water quality far higher than that available from most domestic taps.

If the cooling water abstracted for power stations is excluded, industrial organisations take about the same amount of water as that delivered through the mains to the public. Even though the Central Electricity Generating Board has developed cooling tower systems ahead of almost every other country, the volume necessary for the large power stations amounts to more than 11,000 million cu metres a year or twice

that used by domestic and industrial consumers. However, a large proportion of the water for industry is for washing and cleaning things like soil from foodstuffs, grease and dirt from wool, acid and alkali solutions used for plating from electroplated metals, residues from wood pulp, the rinsing of chemicals and a host of other operations.

These sources of polluted water can be brought under proper control. What is more difficult is the control of liquids testing lead, cadmium, zinc and other hazardous metals percolate into rivers from spoil heaps. The quantities of water used by industry vary enormously according to type of manufacturing; hence the volume of waste and the potential damage varies. This in turn has an influence on the arguments about what exactly constitutes pollution. The most straightforward idea would stop the discharge of anything into a stream that interferes with the physical and chemical condition of the water, or harmed any of the organisms—plant or animal living in it.

Hesitation about accepting such an all-embracing definition in Britain comes from at least two reasons: first, the rivers provide the only practical way of handling the bulk of many wastes after treatment. Second, the treatment processes are not always capable of taking out all the foreign materials from the liquids.

The accepted standard for

industrial consumers controlling levels of pollution

is based on measuring the concentration of oxygen dissolved in a stream or river. It provides a far from infallible guide, but the presence or absence of oxygen in solution determines whether decomposition of organic wastes by bacteria will occur by natural processes, or take place anaerobically to generate a foul-smelling, poisonous river.

Almost the first stage in water treatment, therefore, is to help the natural purification processes by efficient management of the water ways. Clearing weeds at the right time of the year and constructing strategically placed weirs to help with oxygenation can be included as basic jobs to ensure proper quality. Unfortunately the behaviour of many pollutants occurring in effluents such as ammonia, or hydrogen cyanide, is not assessed easily by measuring oxygen levels.

The damage they can wreak depends on things like acidity and alkalinity as well as oxygen content and temperature of the stream. Other conditions are known to affect the action of groups of non-ferrous metals also highly poisonous to aquatic life. Lethal levels vary by as much as 10 to one depending on whether the water is hard or soft. Therefore important issues of design are involved if a treatment plant has to be devised to increase pollution by a factor of 10.

Other industries apart from electricity generation need water for cooling or quenching purposes. True, the quantities tend to be extremely small compared with power station consumption.

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### Treatment process

About one in four gallons of all water used in the United Kingdom originates from underground aquifers with the exception of that for power stations taken from rivers and estuaries. Research into ways of recharging some of these subterranean reserves is in effect a water treatment process. One experimental recharge basin in Northamptonshire shows how poor river water makes a remarkable improvement in chemical and biological characteristics.

In its final annual report the Water Resources Board suggested there was an almost unlimited number of ways of combining and reorganizing the available resources. Recharging is one of the ways to decide the economically feasible and socially acceptable schemes, the board's analysts produced plans encompassing reservoirs, groundwater aquifers, effluent returns, desalination plants, main trunk lines connecting different catchment areas, pipelines, tunnels, altering flows in river channels, impounding estuaries and so on.

A number of important recommendations were offered from this work, but they are still to be acted upon. What the investigation showed beyond dispute was that, if industrial development and standards of living were to be maintained, then water supplies needed more consideration from planners than they had received hitherto.

The author is Science Editor, The Times.

## Purification comes natural

The need to reuse water is not new, particularly in industries which have to maintain a quality in manufacturing that exceeds the standards provided by the public supplies. However, as the practice develops of one consumer downstream taking the effluent from another one higher up, the issue of the type and amount of water allowed into rivers assumes new importance.

An old maxim suggests that if a river supports fish it will be suitable for many other purposes—the idea should be added, provided that it has adequate treatment. Purity of water is assessed differently by users, depending on whether it is wanted for irrigation, running a fish farm or for drinking supplies.

One purpose of lowland reservoirs, apart from the obvious task of storing water during rainfall and high river flow conditions against the time of drought, is to allow self-purification to take place to improve the bacteriological and chemical quality of the water. More than 97 per cent of the most common group of bacteria which comes from sewage, and is contained in water flowing into a particular reservoir, can be destroyed naturally in the water in less than 37 per cent of the time. More than 99 per cent are killed in the summer when self-purification is accelerated at higher temperatures.

The clearest thing this shows is the great economy advantage to be gained by relying on natural processes where possible. Indeed many of the treatment schemes devised for coping with sewage and effluent depend on speeding up the sort of biochemical reactions happening in nature, thus causing a more efficient breakdown of organisms and substances.

Considerable effort is being put into research to understand the microbiology of natural processes. The knowledge is applied to devise special cleaning methods for removing the most persistent wastes; substances such as oil residues.

Whatever the source, the water in the public supply must contain no biologically harmful material. It must also be palatable, and preferably have no discoloration. The achievement of this state depends eventually on chemical and physical treatment procedures. Among the most important are the use of coagulants like aluminium sulphate for making particles in the water join together like tufts of wool; the larger aggregates are then removed by filtration through beds of sand or some similar inert material.

At most waterworks the filter beds operate under pressures of several feet of water to remove material quickly. A process of backwashing removes the dirt. However, the traditional slow sand filtration system, from which the "rapid" process was evolved is still used extensively for water treatment. Oxidation of bacterial substances occurs to a greater extent in the slow filter.

Chemical disinfection is used in most cases for the last stage of the process. Although most works use chlorine, some treatment plants pump in ozone as the bactericide because of the special properties of the water. In spite of all the care taken with treatment, unpleasant tastes do percolate through the water distribution network. Usually the cause is the contamination by one of a particular

group of industrial chemicals that, at extremely low concentrations, can still affect flavour. Some of these unpleasant tastes are made worse by the addition of the chlorine needed for cleaning, as is the case with phenol which can produce an unpleasant taste at concentrations as low as one part in 1,000 million.

Lowland river water is often the target for complaints about taste and odour. One source of trouble not directly attributable to pollution is the growth of algae in storage reservoirs triggered by agricultural chemicals acting as plant nutrients. A more common complaint about the lowland water is that the supply tastes of chlorine. One reason is the presence of ammonia in the stream forming with chlorine to create a fairly stable family of chloramines that persist in the distribution network.

The most satisfactory way of dealing with the ammonia problem is to oxidise it to nitrate by bacterial action. With careful management of discharges or the storage in reservoirs, nitrates from traces of contaminants can be removed. At some plants planned by this trouble the treated water is passed over filters containing activated carbon for removing the last trace of material capable of making the supply unpalatable.

In some industries the cheapest way of coping with water-borne wastes is to retrieve and recycle the solid material. This is the idea behind the reuse of "not ale" from which malt whisky is brewed by concentrating the residue in special evaporators to yield an animal feeding stuff. The liquor that comes from treating steel with sulphuric acid in the pickling process is recycled in some works to

obtain ferrous sulphate. In some manufacturing processes the effluent can be done profitably, while in other just the cheapest way of dealing with the much attention has focused on the wider environmental legislation, industrial have sharpened the search into finding ways of tackling the problem.

Papermaking is one in which the treatment has been used by dramatic changes in production. Waste water discarded with traditionally high loads of organic film has been cut several times. Although the volume of effluent is reduced by modification in a manufacturing process, an industrialist may be in a position to waste liquid on his own before emptying it in main drains.

Yet it is almost certainly some form of treatment that would be necessary. Waste water to be dumped in an inland river. One removal method could be applied. A soluble organic polymer may make it possible to adopt some form of biological technique, composing the waste. Perhaps the water treatment plant desalination method, forecasts have the potential for increasing production, that desalination seawater and brackish water will make a major contribution to public supplies end of the century. Industry has a long way to go, starting a loss in the nineteenth century equipment for ships.

## LIFE FROM THE SEA



Nations need large quantities of fresh water for both civil and industrial development. Often, where fresh water supplies are scarce, there is an immense reservoir nearby: the sea. Using its own technology, S.I.R. has already won two important contracts from the governments of Bahrain and Qatar to construct sea water desalination plants like the one operating in the petrochemical complex at Porto Torres, in Sardinia. That desalinator is based on multi-flash technology and has a fresh water production capacity of 2,200 cubic metres per hour. One of the units of the Porto Torres desalinator is the largest in the world and has a capacity of 1,500 cubic metres per hour.



S.I.R. is one of the largest petrochemical companies in Europe and has widely diversified activities. It has firmly established itself in the construction of plant and infrastructures, desalination, industrialized building, packaging, plastic film, moquettes, furnishing fabrics and expanded polyurethanes.

## SOCIETA' ITALIANA RESINE

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## Complaints about a bargain

by John Young

In the western world we tend to take our water supply for granted. Unlike the peasants of Asia or the villagers of Africa, carefully collecting their precious bucketfuls from wells and streams that fill too often tragically run dry, most of us expect to be able to turn on a tap and get an unlimited flow at any time of day or night. To an extent we squander it and give little thought to where it comes from.

But, paradoxically, although we increase our consumption each year with an almost reckless abandon, new projects to meet this soaring demand are frequently the subject of bitter controversy. As Mr John Buckenham, the general secretary of the National Water Council, points out, water can be an emotive subject.

Traditionally, protests have centred on the amenity loss, the destruction of good agricultural land and the threat to flora and fauna. But in the past few years the water authorities have increasingly faced criticisms that they are financially extravagant and irresponsible.

This is particularly so since reorganization, under which some 200 water supply undertakings and 29 river boards were amalgamated into 10 regional authorities. At the same time took over local councils' responsibilities for sewage disposal. For probably the first time this century there has been a significant number of complaints about the size of the water rates, although most people, if pressed, would concede that they are still getting a bargain.

The main reason for the increases is the heavy expenditure necessary on sewage

disposal, which was largely neglected by many councils satisfied with the most primitive arrangements. Unlike councils, the water authorities receive no central government grants and must pay their own way.

They have thus been forced to borrow large sums to finance a heavy programme of capital expenditure at a time of raging inflation and high interest rates. Their powers to raise money are more restricted than those of local authorities. They cannot, for instance, issue bonds or debentures. This has meant looking increasingly overseas for funds. Last year the National Water Council on behalf of the regional authorities negotiated a \$400m loan from several of the Persian Gulf states.

Aside from financial criticisms, the conservationists groups are as vociferous and active as ever. Flooding valleys to provide reservoirs can never be popular, particularly with local people who stand to lose their homes or farms. But it so happens that the wettest parts of Britain are also generally the most beautiful, witness the protracted battle by preservationists to prevent construction of a reservoir in the heart of the Dartmoor National Park.

Politics come into it too. Wales, for instance, is not only a Welsh home but is also not English. If Liverpool and Birmingham want our water, the Welsh argue, they should at least pay more for it. Considering the affluence of Birmingham and the poverty of mid-Wales, it is a powerful argument, and it echoes that deployed by countries producing oil and other raw materials.

Conservationists have in the past few years, according

to Mr Buckenham, developed a much more advanced approach, employing legal and technical advisers to examine not only the water authorities' proposals but also any possible alternatives.

One argument used by those calling for a moratorium on all further reservoir construction is that those of

continued on facing page



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## Help for industry from the sea

by R. S. Silver

Everyone knows that fresh water is vital for agriculture. Everyone sees that it is vital for industry. But few realise that it is vital for the industrial revolution in Europe. The industrial revolution has been impossible without the invention of fuel engines and the ability of fuel, if water is also plentiful. Industrial expansion in textiles, steel, oil, consumer goods and other industries has led as much on water energy. In some supply in developed countries such as the United States, and without it the could not exist. This is the case of the dependence of health, and domestic services on water. The basic dependence of industrial development on supply would constitute an Achilles heel for a but water-deficient East—were it not for desalination. So, if it has access to a, can use a proper fuel for desalination, so lay a foundation industrial and social movement which would be possible. The required minimum is five gallons of water for each kilowatt hour of power production, or 500 million gallons for development using 5,000 MW. The energy is rejected as heat, reducing 5000 MW of power can be used. A multi-stage MSF desalination plant can produce 650 million gallons of water a day.

Reverse osmosis—a process which in simple terms depends on the ability of certain membranes to filter out salt molecules—is in its infancy for sea-water desalination and faces formidable development problems. But, if these are overcome, it should be possible to produce about 1,800 million gallons a day from the same basic quantity of energy. However, although energy consumption is important, there is also a technical interaction with capital cost. Distillation plant can be supplied with widely different performance ratios, and the higher this ratio (the greater the water output per unit of energy used) the more expensive the plant. So, it is necessary to make the most of the choice for any site by finding the design which will give the lowest combined cost of energy and capital.

The essential interaction between performance ratio and capital cost is a powerful influence on the technology of the distillation process. The object of research and development is to get the highest possible performance ratio at the lowest possible capital cost, with low operating and maintenance costs. The introduction of multi-stage flash distillation in the late 1950s suddenly brought performance ratios about three times better than anything previously obtainable, at about half the capital cost and with fewer operational and maintenance problems. For fundamental thermodynamic reasons, another breakthrough of that kind is unlikely and instead research

and development since 1960 have been directed mainly towards reductions in capital cost for a given performance ratio rather than to advances in the actual performance ratios themselves. Regrettably, it has to be said that some development has been directed into dead ends. Money was wasted on trials of plastic heat exchangers and glass condensers which were impracticable in the field. There have been diversions to unsound projects like freeze desalination which, although theoretically economical, presents operational problems that are unlikely to be solved. Multiple effect boiling distillation, which had been entirely superseded by MSF in the 1960s, was reinvestigated in new forms, and such investigation is still taking place. In my view, this work is of doubtful value, as I believe operational problems will render multiple effect boiling distillation unserviceable for large-scale water supply. Apart from the sizable long-term attractions of reverse osmosis, it is in the gradual improvement of MSF by better understanding of its underlying process that I see the main hope, and research into this is being conducted in the University of Glasgow under Science Research Council grants. Meanwhile, Japanese, French and Italian competitors have made great strides in the desalination market by the sensible policy of concentrating on the established MSF process and improving its technology in detail. The Scottish company with which MSF started has held its own

position in the Middle East by the same research and development policies; but it will be understood that where large capital is involved there, the commercial and financial aspects of competition can be as important as the technical, so that government support in loan arrangements and in background diplomatic aid can be crucial. Scotland has a unique position in desalination because of its combination of industrial and academic activity. The main desalination company, Weir Westgarth, is in Glasgow, and the University of Glasgow, in addition to its SRC-sponsored research, provides a postgraduate course leading to the degree of master of engineering which, after being established for eight years, is still the only course of its kind in the world. Unfortunately, despite our own increasingly severe water supply problems at home and although SRC advanced course studentships are available for British students attending the course, no British water authority has yet sent anyone to take the qualification. The absence of desalination installations in the United Kingdom also affects the competitive position of our industry to some extent since the Japanese, the French and the Italians, have the help of a home market in their own countries. The author is James Watt, Professor of Mechanical Engineering, University of Glasgow.

## Tapping the Middle East market

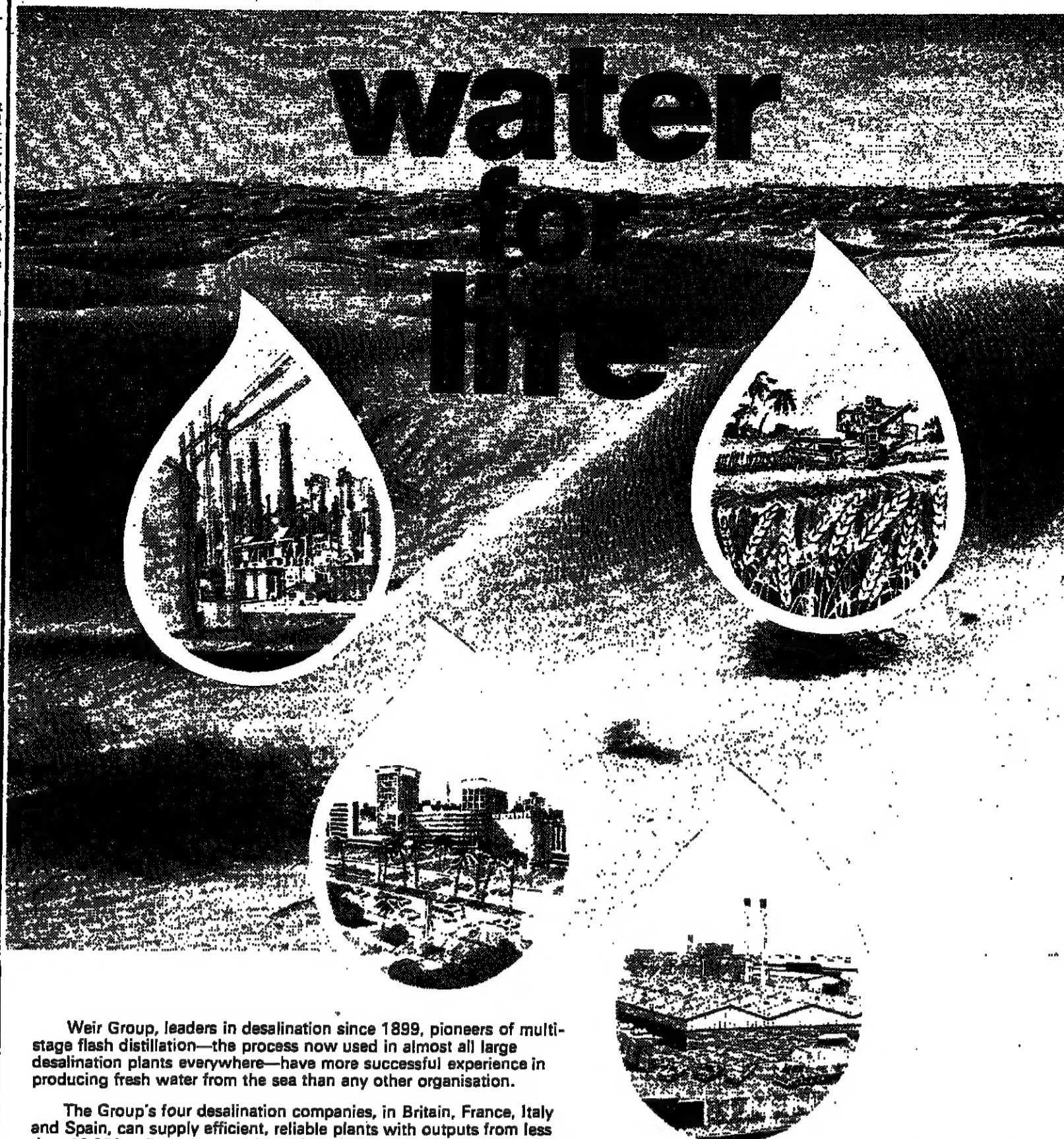
by a Special Correspondent

Middle East is the most important market for desalination plant, but a third of the total installed capacity is in the Middle East. The demand will be by that of the and for fresh water has depended on three factors: poor supplies of water; the discovery of oil, with the consequent need to create settled communities in modern cities; and the need for reliable supplies of water for oil, which has made desalination a vital industry. Middle East governments have been investing heavily in water supply, and the revenues from oil have been used to finance the construction of large-scale water supply schemes. It is their determination to build industries on a massive scale that has led to the vast new supplies of water. Typical steelworks can use 10 million gallons of water a day. It takes 750 tons of water to make a ton of steel. In the world, 500 million gallons of water are used in the steel industry. In the Middle East, there are great technical obstacles in the way of any

supplier who wants to enter the industry. The multiple-stage flash (MSF) process, now the almost exclusive choice for large seawater desalination plants, has been well understood in theory since it was developed in 1958 by R. S. Silver, then the research director of the Scottish-based Weir Group and now Professor of Mechanical Engineering at Glasgow University. However, while the theory is simple, there are serious practical difficulties in designing large plants that work efficiently and continuously for long periods. Only a few companies have overcome them on a commercial scale at acceptable cost, and it seems likely that those which have been successful, and which are now free to concentrate on detailed refinements, will continue to have the advantage, especially as a growing number of Middle East clients have extensive operating experience and can specify their needs in considerable detail. As water is a vital resource of industry, so is electric power, and the growth in demand for the two tends to run parallel. Because an MSF plant needs energy in the form of heat, which is a by-product of power generation, it is logical and economical to build and operate desalination plants and power stations together. The most common combination is of a desalination plant (or series of plants) with a steam turbine power station, using the steam rejected by the turbine to power the desalination installation. In some cases, as in the Weir plants at Abu Dhabi, the heat comes from the exhaust gases of gas turbines which are used to drive the generators. In all the Middle East arrangements the primary power is obtained from cheap oil or

natural gas, so the energy costs are about as low as they can be. However, the interdependence of power and water means that clients are increasingly thinking not simply of separate desalination plants and power stations but of integrated complexes combining the two, often with the logical inclusion of large industrial plants with the necessary houses, schools, other buildings, distribution systems and so on thrown in. Such undertakings are necessarily vast, and as single projects they can be carried out only by powerful consortia, generally, in view of the large sums of money involved, with vigorous government support. In all large developments of this kind there is a point at which the economies of scale, and the advantages of placing all responsibility with a single main contractor, are outweighed by a reduction in the number of consortia able or willing to tender. It is noticeable that countries such as Kuwait and Qatar, which have favoured separate contracts for the constituent parts of big projects, have been consistently more successful, both commercially and technically, than those—Saudi Arabia and Libya, for example—which have preferred to carry out their projects as turnkey contracts. No doubt both customers and consulting engineers will be making note of recent experience. At the same time there are signs of growing understanding in our own government circles that, although British companies are technically well equipped to undertake projects of any kind, their chances could be considerably improved by more positive support. Action is already being taken to modify some of the more onerous financial constraints under which British suppliers operate.

boating and fishing. This is being done at Scammonden Water in the Pennines, for example, and is a great success. But a number of authorities have been unimpressed by the claims of this kind of scheme, and many engineers claim that facilities for dinghy sailors and bird-watchers can only be supplied at a risk to the public water supply. It is also argued that some reservoirs, because of their design and construction—steep muddy banks, for example—are unsuitable for recreational use. But there are others, like Hartmere in the Lake District, where the public is denied access simply because Manchester Corporation found it cheaper to build an iron fence than a water treatment plant. Another pressure group consists of those opposed to fluoridation on the grounds that it is wrong to force people to accept medication which undoubtedly helps to prevent tooth decay but the long-term effects of which are not fully known. The former water boards' attitude was that they would not fluoridate unless all the health authorities in the area were unanimous in wanting it and were also prepared to indemnify them against possible claims. The new authorities are almost certain to take the same view. The author is Planning Reporter, The Times.



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## World Rowing Special Report

August 19th

On the opening day of the World Rowing Championships at Holme Pierrepont, Nottingham, The Times will be publishing a Special Report on World Rowing. The Report will cover the background to the World Championships, new rowing equipment, and compare the traditional British view of Henley as the epitome of rowing with the international outlook required in the present day approach to the sport.

For further details about this and other Times Special Reports, please contact Michael Brufal, Special Reports Advertisement Manager, The Times, PO Box 7, New Printing House Square, Gray's Inn Road, London, WC1X 8EZ, or telephone him on 01-837 1234 extension 7608.



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### Complaints about a bargain

continued from facing page  
construction is that the public uses far more water than it really needs, and that instead of increasing supply it would be better to reduce demand by installing meters and charging, as with electricity or gas, for the amount consumed. Water officials concede that metering may one day be necessary, but estimate that it would cost at least £50m to install meters on a national basis. It also conflicts with a deeply held conviction on their part that the public is entitled to as much water as it wants and, except in times of drought, should not be subjected to restrictions. Where the conservationists have a stronger case is in arguing that much more water could be extracted from rivers and canals in industrial and built-up areas, if only they were cleared of their present filth and pollution. The Trent, Britain's third largest river, is for much of its length an open sewer, an eyesore and a hazard to health. But the authorities claim it is not as easy as that. By spending enough money they can get rid of sewage, they say, but not the toxic trace elements of metals discharged by industrial plants. One way of partially spiking the amenity groups' guns is to turn reservoirs into amenities, with surrounding parkland and public access for such things as

boating and fishing. This is being done at Scammonden Water in the Pennines, for example, and is a great success. But a number of authorities have been unimpressed by the claims of this kind of scheme, and many engineers claim that facilities for dinghy sailors and bird-watchers can only be supplied at a risk to the public water supply. It is also argued that some reservoirs, because of their design and construction—steep muddy banks, for example—are unsuitable for recreational use. But there are others, like Hartmere in the Lake District, where the public is denied access simply because Manchester Corporation found it cheaper to build an iron fence than a water treatment plant. Another pressure group consists of those opposed to fluoridation on the grounds that it is wrong to force people to accept medication which undoubtedly helps to prevent tooth decay but the long-term effects of which are not fully known. The former water boards' attitude was that they would not fluoridate unless all the health authorities in the area were unanimous in wanting it and were also prepared to indemnify them against possible claims. The new authorities are almost certain to take the same view. The author is Planning Reporter, The Times.





Lockheed Tristar: Investigations into bribes to secure orders

## Political worries on overseas bribes by companies

Washington speaking, the habitual practice of bribery and dishonesty tends to pay the way for an authoritarian regime, whose disclosures of corrupt practices in the preceding years have provided a basis for its initial acceptance by the articulate strata of the populations. Gunnar Myrdal—Asian Drama.

In recent months, United States investigators have disclosed that such companies as Exxon, Shell, Gulf, Mobil, United Brands, Lockheed, Northrop and numerous others have spent millions of dollars in recent years paying government officials and politicians in such assorted countries as Gabon, South Korea, Bolivia, Italy and various Arab lands.

The investigators have unmasked what can truly be said to be the "ugly face of capitalism".

Companies defend these bribes by simply saying that they are just part of doing business and everyone does it. The investigations have shown that some United States embassies abroad knew of the secret political payments by American companies and chose to forget what they learnt. The investigations have raised the serious possibility that a good number of British based multinational companies have engaged in the same practices as the Americans. But so far the British Government does not appear to have any plans for investigations of its own.

The effect of these massive bribes is not just that of weakening the political systems where the bribes are made, but also of totally corrupting business in all countries of the world. Companies with high ethical standards have either been forced out of business

where rivals pay bribes to win orders or have given up their high standards.

The practice of giving bribes abroad has been developed over so many years that young executives see no reason to question it and go forward to try the same tricks in even the most developed democratic countries. The massive illegal political contributions by many United States companies to President Nixon in 1972 is a perfect example of this, and the Poulson Affair was perhaps a reminder that Britain is not immune.

There is some evidence to suggest that at least one British nationalized company actively made under-the-table payments to foreign politicians in recent years. The British Government apparently does not seem particularly disturbed that taxpayers' money has been used to swell the bank accounts of crooked foreign politicians.

The facts are that governments are more interested in the immediate benefits of such corruption than the longer-term consequences. If a British firm bribes a foreign government to win an order, then it strengthens the British trade balance and this is sufficient reason for the Government to ignore the corrupt activity.

In the United States now the administration has unwillingly been forced into an extremely tight corner. The administration has not encouraged the Securities and Exchange Commission to investigate these cases of corporate bribery and it has been extremely fearful of the impact on foreign policy of the findings of the State Multi-Nationals Committee, which have revealed that allied governments of the United States have extorted millions of dollars from United States companies.

It has been revealed that one

of America's largest defence contractors, the Lockheed Aircraft Corporation, has paid about £11m in the last 4½ years to foreign governments and political organizations to secure orders. The company has largely survived the last few years through loans from the United States Government and exposure of all the details of its foreign payments could lose it orders and bring it to the verge of bankruptcy.

The United States Administration must now determine contract for government loan guarantees and if the findings are positive then the Administration will have a tough time extending the loans.

The investigations into Lockheed are continuing and there is already some evidence to suggest that some of the payments to foreign governments were in connection with sales of the Rolls-Royce engine Tristar.

A good case could be made to show that the Communist Party in Italy has gained popular support because of all the disclosures of payments to United States politicians by multinational companies. A strong case can be made to support the view that business corruption so weakened the old Saigon regime that it made a communist take-over of South Vietnam much easier.

In view of these developments it is appropriate that governments head the words of Senator Church, the Chairman of the Committee on Multi-nationals, that "we cannot close our eyes to this problem (of business corruption). It is no longer sufficient to simply say and say that the way business is done. It is time to treat the issue for what it is—a serious foreign policy problem."

Frank Vogl

## Differences among communist leaders in translating the language of détente

Anyone who thinks that the governments of eastern Europe are all dreadfully similar should take a look at the speeches they made at the Helsinki conference. They reveal a panoramic view of different priorities and varied degrees of resistance to the signed texts of the conference.

For instance, the texts make it absolutely clear that the principles of non-interference, are to apply to each state in its relations with all other participating states, irrespective of their political, economic or social systems, as well as their size, geographical location or level of economic development.

This passage was meant to close loopholes through which the Soviet Union might try to assert the so-called Brezhnev doctrine sanctifying Soviet intervention in eastern Europe. Yet Czechoslovakia, East Germany, Hungary and Poland spoke of relations "between states with different social systems", thereby implying that the principles did not necessarily apply to states with the same social system.

Hungary used the formula in a separate context and stuck closer to the texts. Romania went all out for sovereignty and independence. Poland significantly introduced a muted version of the same thoughts when it said that peace had been in the past because "it had been based upon fragile foundations of spheres of influence and upon domination of some countries over others".

Mr Brezhnev was thought by some people, including Mr Wilson, to be modifying his own doctrine when he made a special point of emphasizing the sovereign right of peoples to manage their own internal affairs. However, subsequent Russian glosses indicate that he was uttering a warning against western "interference" in the Soviet Union. Moreover, if one looks back at the speech he gave in November, 1968, defending the invasion of Czechoslovakia, one finds him saying "we are strongly opposed to interference in the affairs of any state". This did not mean adding that military aid to

fraternal countries "can be evoked only by direct action on the part of enemies of socialism within a country and outside it—a formula sufficiently flexible for almost any contingency".

The Soviet Union and Poland, as the main sufferers in the Second World War, naturally emphasized the value of the conference in preserving peace. Czechoslovakia saw more material benefits, saying that among the "major motives" of coexistence was the "recognition that peace is an inevitable prerequisite for the utilization of the achievements of science and technology". East Germany accorded "high priority" to security for frontiers, and linked this with international law, which is specifically repudiated in the texts. Romania emphasized national independence and "the struggle against the old policies based on inequality".

The rest were a little more forthcoming, but they all reintroduced a caveat to the effect that the exchange of information does not in itself promise good relations. Thus Poland said that cultural exchanges should be used "first and foremost to

strengthen mutual confidence among our peoples". Czechoslovakia said it was "in favour of an exchange of ideas and information which serve peaceful understanding".

Mr Brezhnev, otherwise the mildest and most conciliatory of the communist speakers, carefully distinguished between information which served "the purpose of peace and confidence" and information which "spread the poison of discord".

Nowhere are these reservations supported by the texts, which commit the signatories to "make it their aim to facilitate the freer and wider dissemination of information of all kinds". The communists were reintroducing the principle of selectivity for which they had fought strenuously and in vain at the negotiations.

Hungary was the least defensive on this subject. Mr Kadar, the party leader, said that in Hungary "people enjoy all real

freasures of human culture" listed works by famous writers, authors that were available, pointed out that 3,000,000 sign tourists visit Hungary each year while more than 100 Hungarians travel abroad.

Mr Kadar said that Hungary was ready to expand its contacts in this "nevertheless, he too had reservations. "Those who come in good will find the gates of Hungary open", he said, leaving a room of discretion to his government officials.

Mr Kadar also emphasized the need to respect the "sign lights and laws of partner countries", thereby introducing a principle which was much diluted in the nations. Mr Zhukov, of Bulgaria went even further and people must "observe the traditions and customs of hosts"—a sweeping and its reservation which the Russians regarded as a serious intrusion into the final documents.

Some western speakers tried to regain lost ground. Mr Wilson took an economy different line. First he said that a series of "about existence and viability of détente which had been expunged from the after long struggles by our governments, including his. Then he talked about the "live and let live" which has a rather stalling in eastern Europe. This suddenly picked himself up delivered a few straight lines the stomach on human life including a thinly veiled threat of Jewish emigration, into that European world able to "marry whom they hear and read what they travel abroad when and where they want". This stirring, for unconditional surrender the communists was difficult to reconcile with the spirit "live and let live" which he had earlier. The Russians professed to be delighted the speech, but they must been puzzled, as were others.

Richard D.



Mr Wilson with President Tito of Yugoslavia during a break at Helsinki

## A Scottish Assembly could point the way to more effective government throughout Britain

There appears to be a growing belief within the Labour and Conservative parties, particularly at Westminster, that they over-reacted to the electoral successes of the Nationalists in 1974. This may be justified if one considers that the referendum result in Scotland and Wales signalled a reversal of the trend towards the break up of the United Kingdom.

Now, as the Government prepares its second White Paper on devolution, for publication in the autumn, the most recent press speculation on the likely powers of a Scottish Assembly has produced three main reactions which cross party lines in the House of Commons.

First, there are the diehard or no surrender Unionists, Labour as well as Conservative, who believe they were panicked into a devolution commitment which now seems ill-considered and likely to launch Britain down the slippery slope of separatism. This argument endorses the status quo as the defence against nationalism. It represents also an understandable tiredness with the deluge of change and reform that has marked the past few years.

But it is a view from Westminster rather than from Scotland. It is one which seems insensitive to the restlessness

which is as evident in Scotland this year as last.

This restlessness with over-centralisation affects attitudes in industry and the trade unions as well as in government, and it seems less troublesome than it was during last year's election campaigns perhaps this is due to the firm commitment to a Scottish Assembly which all parties endorsed during those campaigns.

As far as some members of my own party are concerned, the status quo argument may be part of a general assumption that we can march Britain backwards to the good old days of capitalism and pride in the union. Now my crystal ball is no clearer than anyone else's but I have a hunch that tells me the future will be nothing like the past whatever virtues of economic freedom and patriotism Conservatives instil in the country at large.

The second attitude to devolution is the minimalist approach. This suggests that the manifesto commitments might be met by setting up a talking shop in Edinburgh and Cardiff, following the enactment of legislation which would be described, no doubt, as "The Re-generation of the Constitution Bill".

Although this minimalist approach is broadly supported by some leading and respectable

political figures, as a sensible and gradualist approach to devolution, I believe it may be open to the serious criticism that it is really a matter of how little we can get away with to appease nationalism.

The third attitude is, of course, that of the maximalists. This is where my sympathy lies. Not just because I share the restlessness which exists in Scotland but because I believe the commitment to an Assembly could provide the opportunity for Scotland to lead the way in the decentralization of government and that this could be a source of great benefit to the United Kingdom.

That is why, incidentally, I am writing this for *The Times* rather than for a Scottish newspaper. I would like to see some of this restlessness in my English friends rather than have them consider devolution as some "little local difficulty" in Scotland and Wales.

The constitutional reforms I would like to see would make the regions of England, including the South-East, envious of the autonomy captured by Scotland and Wales and perhaps act as a spur for them to follow this example, even though for historical reasons the Scots and Welsh Assembly would be quite different from those in the English regions.

I think it is a reasonable rule

when advocating change in the structure of government that there should be no increase in the total size of the government machine. Therefore in arguing the case for a directly elected Scottish Assembly, which would be revenue-raising and not another gathering of big spenders, I would propose compensating changes in local and central government.

Local government in Scotland was reorganized only in May of this year into a two-tier structure of regions and districts, but I believe these new regions would have to go before an Assembly could be established. Without this Scotland would clearly be over governed and the combination of two-tier local government, the Assembly and Westminster would be even less effective than the present arrangements.

Abolishing the regions would also help to reduce the cost of bureaucracy, a not insignificant factor. In any case the reorganization of local government which was first planned more than a decade ago is clearly out of date and out of sympathy with today's demands.

Secondly, I would abolish, or at least greatly reduce, the office of Secretary of State for Scotland, for if the Assembly is to be effective it must take over all of the domestic matters such as housing, education and

agriculture at present administered from St Andrew's in Edinburgh.

However, perhaps the big single breakthrough would be finance for there would be opportunity to abolish rate Scotland and replace them with some form of local income far which the Assembly would be responsible. Block at would, of course, be required from Westminster to the Assembly and from the Assembly local government. But I do believe that from an Assembly point of view the principle of "no representation without taxation" is essential if members are to have a responsible attitude to the collecting spending of other people's money.

There should be rather a check over in the White Paper and the legislation which follow. The Nationalists demand an Assembly immediately and almost regardless of powers, but those of us who are particularly envious of the results of local government reform would prefer to get one right, even if that does a little longer.

Alex Fletcher

The author is Conservative for Edinburgh North.  
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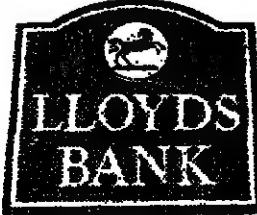
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A LOT MORE THAN MONEY  
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## The Times Diary

### Playing around with the KGB

land players on such squares as "Two Days' Bickering—Miss A. Turn" and "Dad Finds Mum in Bed With Mr. Johnson—go back five places."

### Fishy

Alan Hamilton has been to Norway and reports on a new way with fish.

In spite of repeated wars and dire predictions of over-fishing, there is still an abundance of food swimming in the North Sea. The Norwegian, who as the world's fifth largest fishing nation leads more than their four million population could ever hope to eat, are busily promoting our local corner of the ocean as a major potential larder for the third world.

After munching their way through 50 kilos of fish per head per year, the Norwegians have enough left over to be able to introduce the underprivileged nations to the pleasures of the common herring. Not, of course, the oil-scented and lightly salted, but delivered in paper sacks and doled out by the handful.

Erling Arnesen, chief of the famine relief project at the Norwegian research institute at Bergen, recently took several tons of powdered herring to Calcutta, and found that after a few days hungry children were demanding herring powder in preference to dried milk.

Both herring and mackerel are used for the powder; they are boiled for 20 minutes, the water is extracted, and the resulting cake is dried and ground. The smell in the plants takes a little getting used to.

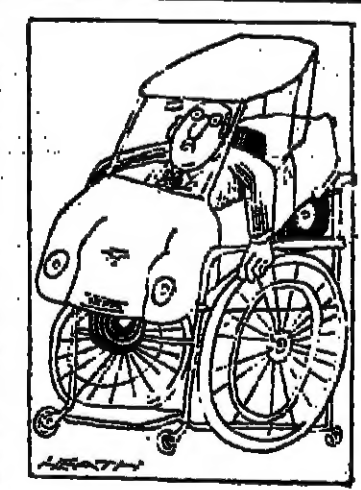
Fish powder is really too strong to eat on its own, although it is possible to add water and make it into powerful fishcakes. It is supposed to be sprinkled like a spice into curries or other dishes, and is said to go particularly well with palm oil, stew. One egg-sized handful supplies an adult's entire daily protein requirement.

Norwegians have been exporting dried fish for centuries, and their best-known trade has been in "stockfish"—cod dried naturally in the pure air of the north—which has always been highly popular in Nigeria. But last year the Nigerians bought three million packets of herring powder. It is sold there under the name of "Joyfish", which makes it sound like some kind of deep-sea optimum substitute.

Gunnar Sætersdal, director of the Institute of Marine Research at Bergen and the curator of a very fine aquarium which keeps haddocks and sprats as well as the more exotic marine creatures, told me that feeding the world on powdered herring has its limitations.

Looking forward to the middle of the next century, Sætersdal said, we might have to eat further down the marine food chain. One of the most promising new food reserves he thinks, is the Antarctic krill, a sort of animal plankton. But the present problem is not to find new reserves of food, but to make those we have edible.

Norwegian researchers claim that they have already produced a dried fish meal which is so thoroughly deodorized that it could be used for baking bread, and say that fish meal would be used in many more manufactured foods in Europe if labelling regulations did not force makers to list their ingredients.



### Carnage

Bird lovers in Kensington are indignant at the suffering which has been caused to young swans on the Serpentine in Hyde Park this year by amateur anglers' carelessly abandoned tackle. Three of the five cygnets, hatched by the pair of mute swans on the lake have died after being rushed to London after hospital for emergency operations to remove discarded fish-hooks which they had inadvertently swallowed.

A fourth member of the family has survived a similar operation and is now safe at the bird-rearing unit in St James's Park. The fifth cygnet is still at risk, feeding on the Serpentine.

The Department of the Environment say they are very concerned. All the people who take out fishing permits for the Serpentine are given the RSPCA's notes about the dangers to wildlife of abandoning fishing tackle, and our birdkeepers do take away any they find, but they just cannot move every single piece. The greedy little swans and their gobbles up broken bits of line with hooks in them just as they might leaves or weed.

Five hundred £1 permits fish the Serpentine are issued each season, but locals take dim view of the anglers' behaviour and ability and suggest few of them seem to be sportsmen. They also allege that abandoned tackle has taken toll of blackbirds, sparrows, pigeons, as well as swans. DoE are doubtful that it could ban fishermen from the lake though. "The original fishing on the Serpentine is lost in the mists of antiquity and departmental amalgamations," they say.

### Victim

The dogs of Marylebone have claimed another victim. A lamp-post outside No 32 Bryanston Square, corroded at its base by canine urine, was falling on the road. The Metropolitan Police had had to testered from the verge and threatened to fall at the base of a brand new Jaguar and a older Aston-Martin parked beneath.

Dr Arthol Gallifant, who drew our attention to the dangerously corrosive effect of dog urine on lamp standards, reports that an American classical scholar and a captain of Foot Guards were able to hold the post up until the police arrived, and the cars were moved.

But he adds a warning that other standards in Bryanston Square seem to be in a more dangerous condition. "I would seem advisable to put any lamp-post painted old-gold in the Marylebone area," he says. "A precautionary wide search for dogs seems attractive to their bases."

Westminster City Council promise that a general inspection of lamp-posts is under way and that those that are in poor condition will be dealt with. A few more could be falling yet.

PHS





## CONSENSUS POLITICS IN ASIA

Communist orthodoxy gets another knock from the news that the Japanese Communist Party is to form a political partnership with the Soka Gakkai Buddhist movement. Agreement was apparently reached secretly last December but the arrangement is now being made public in anticipation of elections either later this year or early next year. The association does not include Komeito, the political party sponsored by Soka Gakkai but now detached from it, though the new partnership may in time attract the Komeito party as well. Whatever the significance of this move for Japan's political future, it sheds light on the character of political parties in Asian countries where parties did not exist before the era of modernization and where few of those now in being have any roots in the society.

One barrier to political parties is the strangeness to the Asian mind of the concept of organized opposition to government. Where habit and custom have for centuries looked upon consensus as the natural ordering of life in the village the same ideal is upheld as the justification of government. Countries that have taken over Western democracy with a universal franchise, have soon run into this barrier. Political parties opposed to each other seem to have no place in the society; they are an outgrowth of a small, westernized political class in the capital. In East Asian civilization the very idea of opposition to government goes against Confucian teaching. Elsewhere, in countries under

Western rule, the all-embracing nationalist movement has formed a government party. Even the military takeovers have justified themselves as a more efficient and disciplined nationalist force.

Against the entrenched government parties opposition parties have made no headway anywhere. Most of these parties have grown in the soil of Western political theory. They have no roots in Asian peasant societies where their role is not understood. The seething revolutionary spirit of the Asian masses must by now be recognized as a myth. Not all Asian peasants are like Chinese peasants; nor are all Asian communist parties able to draw on intellectual traditions in government like the Chinese; nor can Marxism be as easily adapted as it was in China to traditions of peasant revolt; nor, above all, can there exist in any of these Asian countries circumstances of war and invasion as conducive to political positivism as China offered in the nineteenth century. In most countries where they can exist left-wing parties are no further advanced in winning popular support than they were twenty years ago.

Despite its outward modernization and high living standards these conditions have applied equally to Japan where neither the socialists nor the communists have ever looked like election winners against the traditional ruling classes represented by the Liberal-Democratic Party. Soka Gakkai has, however, been a genuinely popular organization, providing at a time of great social change a mixture of welfare and discipline, backed

by a creed for daily life, that answers the need of newly-urbanized masses.

For different reasons the Japanese Communist Party has also made some progress in widening its support, thanks partly to its international ties having been broken by the Sino-Soviet dispute. It has thus become more willing to adapt to Japanese conditions. The partnership with Soka Gakkai is not therefore as strange as it seems, though even now the agreement provides for one side to end its hostility to "scientific socialism and communism" while the other promises to accept freedom of religion and both are to join in resistance to "fascism". The words still come from the West when the behaviour is becoming more Japanese.

In all these countries the process of political evolution may be more healthy now that they are less subject to pressures from outside powers that were common during the cold war atmosphere of the fifties and sixties. Politics has become more inward looking. Nevertheless the process is a slow one, Japan's astonishing political change has left its mark on the Japanese Diet met for its first session the newly-elected house was divided between Liberals and Progressives. The ruling Liberal-Democratic Party of today, in office ever since the end of the postwar occupation, is the direct descendant of those parties. Perhaps change will more often come from within a ruling party than from the victory of an opposition party over a traditional or nationalist one.

## A FORLORN ATTEMPT TO KEEP GOING

An occupation of the Norton Villiers motor cycle factory at Wolverhampton by its 1,600 workers could be foreseen, and is a complication that cannot have taken the recently appointed liquidator, Mr. Kenneth Morgan, by surprise. The men returned from holiday to find that Mr. Morgan had no money to pay the week's wages due to them. In the event, the men yesterday decided to accept lay-offs and the consequential payment of unemployment benefit to tide them through a period of industrial squinting.

The men are aware that similar actions as theirs have, in the past been rewarded. Help given to the Upper Clyde, Rolls-Royce, and the Kirkby storage heater and soft drinks work forces have given rise to similar hopes—and more pertinently, a sister motor cycle factory, that at Meriden, has been turned into a co-operative nourished by the taxpayer and backed by the encouraging words of Mr. Benn. Mr. Benn, however, is no longer Secretary of State for Industry, and his successor Mr. Varley seems to have a harder eye,

having recently given the go-ahead for the re-possession of the Imperial Typewriters factory at Hull where a forlorn sit-in is now over. It was Mr. Varley who refused more state aid to Norton Villiers Triumph and prompted the directors to liquidate the Norton Villiers Ltd subsidiary, owner of the Wolverhampton plant.

When governments encourage direct action, they should not be surprised when workers seek to hijack their factories. In the Wolverhampton case, there is some reason for public sympathy, for the original scheme to save the British motor cycle industry was wrecked out in Whitehall and wrecked from there when Mr. Benn supported the Meriden factory of NVI, who had expected to close one of its three factories under a rationalisation programme that had attracted previous state assistance and promises of new aid. But, as Mr. Morgan now goes about assessing the assets at Wolverhampton under the watchful eye of his factory's squatters, there is only the remotest chance that the Government will be moved to change its mind.

Every scheme for helping the motor cycle industry was carefully examined by the Boston Consulting group but, at best, the Government could not see any hope of viability for mass motor cycle manufacture before well into the 1980s. Its decision to withhold fresh funds was painful but necessary. Yet men, whose prospects for finding alternative work in engineering during a recession are not bright, deserve all the help the Manpower Services Commission can deploy. They will not be easily convinced that their factory has no future, for they know best their skills nor the balance sheets. When the Government is now prepared to pay temporary employment subsidies to over-manned companies, they can be expected to ask questions and to test Mr. Varley's resolve to apply more coherent criteria in the way that State funds are both given and withheld. How long this particular sit-in will last depends as much on the resolve of the Government, which has encouraged such actions in the past, as on the determination of an aggrieved and previously moderate labour force.

## MORE ABOUT LONDON DOCKLAND

"The redevelopment of the London Docklands is, of its kind, the greatest challenge of our time"—the biggest thing in London since the Great Fire of 1666—the biggest in Europe—a *tabula rasa* (once the clearing and filling is done) of 5,500 acres—building for their children's children. These preface observations in the Government's latest paper on the project seem to beckon to the ghost of Baron Haussmann such a scene for the display of creative genius, such opportunities for extravagance. But the ghost, if interested, would vanish as it read further into the White Paper. It is the Department of the Environment's reply to a report by the Commons expenditure committee, a thin reply to a thin report. And it contains one decision and one non-decision calculated to frustrate the enterprise of a Haussmann, or a Wren, or a Nash.

The non-decision concerns the commitment of public expenditure. The select committee heard much evidence to the effect that some indication of the magnitude of the public resources to be made available should be given for the guidance of those pre-

paring a strategic plan. The committee endorsed that view. The department in its reply is not very forthcoming. It is prepared, within limits, to discuss with the local authorities concerned the pace at which resources are likely to be available. It has no plans for special financial support beyond the standard grants for local services. These hesitations appropriately reflect the uncertain economic outlook, but scarcely rise to "the greatest challenge of our time".

The White Paper also puts the final seal on the type of organization which is to carry out the redevelopment. Again, the select committee heard much argument from planners and from former ministers in favour of establishing a development corporation of the kind which builds new towns. The committee itself was attracted to the idea but weakly concluded that the organization which had been called into being, a joint committee representative of the GLC and the boroughs most immediately concerned, should be left in possession because there is a lot of opposition to its removal (of course there is). The department confirms its prefer-

ence for a joint committee and pronounces the debate closed.

The best argument for a joint committee is that the docklands site is not green fields nor is it self-contained. It shades into the surrounding streets and into the remaining parts of it. One kind of friction will be avoided if the redevelopment is under the control of those who administer the contiguous areas. The second best argument for a joint committee is that, being composed chiefly of elected councillors, it is more "democratic". It is, however, in comparison with a development corporation, less likely to be decisive, single-minded, and large in its conceptions, more likely to get bogged down in local pressure politics, and less able to command the necessary resources.

This way of proceeding almost ensures that progress will be hesitant and piecemeal, precluding the forceful execution of a grand design. Some, reflecting on the lost confidence and rapid changes of orthodoxy in the practice of urban architecture and planning, may think that no bad thing.

French ministries are divided into directions each headed by a Director.

A Minister, for his (or her) part, is assisted by a personal cabinet. It is true that the tendency is for most cabinet members to be civil servants on leave from their corps and, moreover, that these are frequently young high-fliers, but they are not permanent secretaries; they are civil servants who have been assigned to a politician to assist him in, amongst other things, his relations with other civil servants. And the fact that they will at a later stage return to the administration, very possibly as subordinates of the Directors, whose work they are presently engaged in coordinating and supervising, can make their position a very delicate one.

Yours faithfully,  
BARRY G. OWEN,  
Senior Lecturer, Department of Political Studies,  
Sheffield Polytechnic,  
July 29.

## Civil Service structure

From Mr Barry G. Owen  
Su, in his article on the Civil Service post-Fulton (July 28), Mr. Hennessy makes two points which, I feel, need qualification. He refers to the "French model, with its crack Grand Corps of highly trained specialists", and it is, of course, true that the Fulton committee, while remaining aware of the elitist character of the *Grands Corps*, was very impressed by their quality of personnel.

Fulton was not alone in feeling admiration for the French higher civil service, and I am certainly not concerned to detract from the overall impression. It is, nevertheless, worth remarking that the corps have, in recent years, been subjected to considerable criticism in their own country. In particular, they have been described as self-interested and imperialistic, seeking to colonise senior positions for

the benefit of their members, and willing to spend time and energy fighting one another for power and influence within the administration. There have been occasions when corps have put up a passionate resistance against a minister, when the latter wished to promote policies which might have had the effect of weakening their position (a good example would be the *Corps des ponts et chaussées*).

Secondly, it is difficult to draw a meaningful comparison with British permanent secretaries. This is a position which has not had a very successful history in France, and it is one to which the corps are generally opposed, as Mr. Pizani discovered when he proposed to create the post of Secretary General in the Ministry of Agriculture. In fact, as one is looking for a straightforward equivalent to a permanent secretary, the short answer is that it doesn't exist.

## Tied cottages and dairy farming

From Mr F. R. Francis  
Sir, The Government's announcement confirming their intention to abolish the tied agricultural cottage leads one to wonder whether they are deliberately setting out to destroy the livestock industry, particularly the dairy industry, of this country.

The dairy industry is beset with its gravest crisis for many decades. Six thousand plus dairy farmers went out of milk production during the past year and the cow population is falling dramatically—a fall which will take a minimum of five years to rectify. A disastrous spring followed by drought has meant little or no grass, resulting in falling milk yields and the dire threat of little or no hay, silage or straw for winter keep.

The fall in production has meant a further reduction of income for the producer who, due to Government control, at present receives a quite unrealistic—indeed a ludicrous—price for the milk he produces. Meanwhile prices for equipment and indeed all other overheads continue to rise at inflationary rates. It is wondered why more and more dairy farmers are seriously considering giving up the gruelling seven-day-a-week task of milk production with all its worries, for a more pleasant and easier way of life? And now in its wisdom the Government proposes to put yet another nail into the dairy farmers' coffin by abolishing the tied cottages on which they depend to house their key men. This can but lead to further major withdrawals from the industry resulting in a serious threat to food production and, in the long term, higher retail prices.

Already all creameries in England and Wales manufacturing butter have been closed due to shortage of manufacturing milk. The situation will get worse unless Government agrees to substantial increases in the price paid for milk to the producer and even more important stops introducing provocative and unnecessary legislation leading to nothing more than chaos and crisis within the industry.

Can it be that the Government's complete lack of understanding and feeling for the milk producer and the dairy industry is deliberate? Can it be that the Minister, with Cabinet approval, has reached an understanding with the EEC counterpart that the once great British Dairy Industry is to be sacrificed to allow the surplus of milk on the Continent to be sent to this country? If so, this could be the greatest disaster ever to both producer and consumer alike for once the EEC surplus has been turned into a shortage the price we should have to pay for our liquid milk, and our dairy produce, would rise alarmingly and create yet more problems to our existing balance of payments position.

## Squatters and the law

From Sir Eric Sachs  
Sir, May I through your columns offer congratulations to Sir Robert Mark on having so forthrightly committed his great Force, for which my admiration is unstinted, to assist householders in the most evil category of squatters. This decision should have to pay for our liquid milk, and our dairy produce, would rise alarmingly and create yet more problems to our existing balance of payments position.

It would thus now be onerous for me to reply in detail to the contentions of Mr. Robert Hall (July 14) and Mr. Eric Sachs (July 15) as regards certain precisely delineated facts (not "mere" trespass) was considered clear law by those faced with relevant practical problems over the half century before he was called to the Bar at the end of 1971.

Amongst the several points on which I venture to disagree with him there is, however, one broad issue which calls for some observation. It was my lot about 25 years

## Road accident injuries

From Dr J. D. J. Havard  
Sir, It is understandable that the people of this country should be reluctant to appreciate the full significance of the road death toll. It is a terrible statistic. What is inexcusable is the apparent determination of the government to "play down" the issue. The Department of the Environment regularly issues complacent bulletins accompanied by statistics which tend to show that in relation to certain criteria considered important by that Department the position is not getting any worse. But from the public health point of view the position is unacceptable.

The long outdated definition adopted by the Department for classifying "serious injury" includes anything from a broken finger to injuries so severe that death occurs 31 days after the accident, and our hospital returns are so inadequate that it is not even possible to tell whether a person was a driver or a pedestrian. The most important facts about road accident mortality and morbidity cannot be found in the official statistics.

We are not told that, in common with most other technically developed countries, getting on for one-half of all male deaths in the 15-24 years age group are from road accidents, and no mention is made of the fact that the rate in child pedestrian deaths in Europe. In terms of loss of expectation of life, road accidents therefore assume immense importance.

Although the archaic state of accident reporting prevents the true facts emerging, it is already clear that road accidents are a major and increasing cause of permanent incapacity in the community. The differential velocity of road accidents has increased so much since the war that injuries sustained, particularly to the brain and central nervous system, are far more often found to be beyond the tolerance which the body can sustain in whom permanent and irremediable damage occurs. The high risk group of young road users pose a particular problem because they stand a much better chance than

The tied agricultural cottage is an emotional subject and one which has been exaggerated beyond all recognition by those clamouring for its abolition. If this short-sighted, destructive legislation reaches the Statute Book then those it is intended to help—the farm employees—might well find themselves the hardest hit.

Yours faithfully,  
F. R. FRANCIS, Secretary,  
Royal Association of British Dairy Farmers,  
Roberts House,  
Rossmore Road, NW1,  
August 8.

## From Mr A. R. Beard

Sir, When I bought this farm from the Plymouth Co-op in 1970, they had nine employees working 600 acres, and three of these lived in neglected houses on the farm. The holding carried 180 dairy cows producing 600 gallons milk each, ie, about 110,000 gallons per annum. There were 10 young calves, and very little else was produced.

Today we have five employees working 650 acres, of whom four live on the holding in excellent houses; all with modern fitted kitchens, oil fired cookers and central heating, and a garage each. After considerable capital investment, we have 140 cows producing 1,250 gallons each, ie, about 175,000 gallons per annum. We rear all their progeny, producing all herd replacements and about 90 head of fat per annum. In addition we are carrying 400 breeding ewes producing fat lambs; and grow 200 acres of cereals, producing most of our own feed, and seed corn for sale as well.

Already, the financial state of the industry is forcing us to cut back on production and all plans for future expansion have been shelved. The ability to maintain output here depends on employing highly skilled farmworkers, working long hours; all key men. It is impossible to recruit such men without offering first class accommodation, and this is provided free of rent and rates.

If the present proposals go through, then each time a man leaves my employ and remains in his house, we will be forced to cut back production to a level that the smaller team can manage, and the holding will be in danger of becoming uneconomic.

At a time when this country needs more than ever to feed itself, it is tragic to see counter-productive measures being forced upon us for the sake of political expediency.

Yours faithfully,  
ROBERT BEARD,  
Scoblescombe Farm,  
Kingsdon,  
Kingsbridge,  
South Devon,  
August 10.

ago to live for months on end with questions on how in the public interest to utilise the law of conspiracy—before it had become the subject of latter-day controversy. Its robust ability to counter those who gang up to inflict injury on the community and on individual citizens by combining to do acts that are unlawful, but not criminal if done on his own by a single person, struck me then as of substantial benefit to the public weal. That remains my view. Great caution is surely needed on any legislation designed to sap one of the bulwarks against evil built up under the common law by our forebears.

Enforcement of conspiracy law can be a bit cumbersome, and not too popular in some quarters; but on occasion it provides the only clear cut and effective way of dealing with some particular form of lawlessness; then it can fairly be said to be there to be used until at long last something better is devised.

Yours faithfully,  
ERIC SACHS,  
The Athenaeum, Pall Mall, SW1,  
August 9.

## Rear-seat car belts

From Mr Gordon Gibson  
Sir, Professor Hoffman, in his letter of August 5, has been misled by the Automobile Association. Contrary to what the AA believes, I can assure Professor Hoffman that every BMW car sold in Britain since January 1973 has been fitted with rear seat belts.

We have long recognized the vulnerability of the rear seat passenger, and can only welcome such distinguished endorsement of a policy to which we have held for more than two years and a half.

Yours faithfully,  
GORDON GIBSON, Director,  
BMW Concessionaires GB Limited,  
BMW House,  
991 Great West Road,  
Brentford,  
Middlesex,  
August 5.

## Workers in the boardroom

From Mr Roderick Martin  
Sir, Your editorial on industrial democracy (August 7) will, I hope, stimulate extended and informed discussion. Your plea for gradualism, and for the democratization of trade unions is convincing, although the assumption that democratization will necessarily lead to moderation is mistaken—sometimes it will, sometimes it will not. But the attitudes implicit in the editorial are far more dangerous to the successful development of industrial democracy than an unreformed trade union movement.

One of the major reasons for scepticism about some forms of industrial democracy, amongst trade unionists and others, is that it will lead to trade unionism or other representatives possessing responsibility without power. This scepticism is well founded. If your editorial view that the interests of employers and the firm as a whole are identical is widely shared: "the employer's interest, that is to say the business as a business as a whole". Interestingly, I doubt whether many industrial relations managers—as opposed to directors, perhaps—would be so foolish as to make such an over-claim.

If managers approach industrial democracy in the frame of mind

indicated by your editorial, industrial democracy will be at best irrelevant, at worst a disaster. It will be irrelevant if it leads to an elaborate formal structure of committees, making little difference to industrial behaviour: it will be a disaster if it leads managers to attempt to "re-integrate" workers into the enterprise on the terms you suggest, for industrial conflict will be inevitable.

The successful development of industrial democracy—or, indeed, the achievement of any industrial democracy—must be possible if managers and others recognize that the interests of all "stakeholders" in the firm (workers as well as shareholders) are equally legitimate, and need to be catered for. One way of catering for this plurality of interests possibly more effectively than the present structure of organization, is by some form of industrial democracy.

Industrial democracy will not lead to the reintegration of the worker into the industrial enterprise on the terms you suggest; and to attempt to make it do so will be "the ruin of us all".

Yours faithfully,  
RODERICK MARTIN,  
Trinity College,  
Oxford,  
August 7.

## Financing new housing

From Mr James Latham  
Sir, The Government has recently established a committee to consider possible improvements in housing finance. It is understood that this committee has two years in which to carry out an in-depth study and make its report. Meanwhile a situation is developing which demands urgent action and prompts the suggestion that an interim report might be appropriate. Aspects of the current situation are these:

- (1) High deposits to building societies (a record figure of £400 million in one month has been reached).
- (2) Restraint in lending policies by building societies to keep house prices steady (contractors claim an extra £800 million could be lent this year).
- (3) A stick-up in private house building but still a shortfall against demand and contractors' productive capability.
- (4) Severe pressure on public sector building due to the burden of housing subsidies on central Government funds and the need to hold down local rates.

## Diseased trees

From Mr E. H. M. Harris  
Sir, In the face of the devastation being caused by Dutch elm disease in southern and western Britain, it is encouraging to see from the correspondence in your columns since July 14 (Mrs Hope-Simpson) that a positive approach is being taken by so many people. Extensive replanting in Essex (Mr G. Currie, July 19) and the intensive research reported by the Forestry Commission (Mr D. A. Johnson, August 4) are but two examples. This awareness of the importance of trees to us in our present day urban existence is to be welcomed because we as a nation tend to lack interest in and knowledge of trees compared with many of our continental and American friends.

There is, however, one immediate danger which your correspondents have not touched on sufficiently. This relates to the proximity of many large dead and dying elms to houses, roads and public places. The elm is a tall tree which tends to fall to pieces over the years rather than fall down at once when it is dead. If we have our usual winter gales in 1975 and 1976 the potential hazards of fallen limbs across busy thoroughfares are unpleasant to contemplate. There is evidence of very little action in anticipation of the tree crisis which can be put alone at the doors of local authorities and of Government as it so often done nowadays.

The unfortunate facts are that an injury or accident caused by a fallen limb could well be the responsibility of the landowner on whose ground the tree stands. Few private individuals are likely to be insured against this sort of risk. Owners of dead elms will thus be wise to enquire the potential danger and have their trees removed as soon as possible.

Yours faithfully,  
E. H. M. HARRIS, Director,  
The Royal Forestry Society,  
102 High Street,  
Tring,  
Hertfordshire.

## Selling British goods

From Mr M. Goodman  
Sir, For some time, I have been following the correspondence in your columns on this matter with interest.

I have been stirred to write, as a result of a letter from Mr. Wolff in your issue of August 4. Mr. Wolff expresses amazement at the range of imported articles in the United Kingdom. Living abroad as I have done for many years, this does not amaze me since it is quite obvious that the effort by British salesmen to sell British articles abroad does not in any way match the efforts made by foreign salesmen to sell foreign articles in the UK.

When Britain tackles the export market with the same enthusiasm as its Continental neighbours and backs up its export drive with firm delivery dates which are respected, not only will there be more British goods in foreign markets but also there will be more British goods in the home market.

Yours faithfully,  
M. GOODMAN, Vice-President of the British Chamber of Commerce of Belgium and Luxembourg (Iac),  
Price Waterhouse & Co.,  
Rue Ravenstein 60,  
1000 Brussels.

## Stabilizing prices

From Mr Donald Tyerman  
Sir, I have been specially interested by the appreciative comments of Peter Jay (The Times, April 3) and Sir David Barran (July 26) on Mr

(5) Housing associations, now geared for expansion, are being held at last year's level of activity. This taken together with the shortage of rented accommodation, will exacerbate the shortage of housing in the programme of co-ownership housing, due to co-ownership rentals beyond the reach of the available market. This programme was originally part-financed by the building societies.

From the above it is evident that a way must be found to get back building society funds into voluntary housing (and possibly local authority housing also) where this can be shown to be capable of providing homes for rental in priority areas. It is suggested that pilot schemes should be started and the information gained in setting up these projects be then included in the considerations of the Government's committee investigating housing finance generally.

Yours faithfully,  
JAMES LATHAM,  
Chairman, Housing Action Group,  
North West Region RIBA,  
9-11 Princess Street,  
Knutsford,  
Cheshire,  
August 5.

L. St. Clare Grondona's latest book *Economic Stability is Attainable*. Thirty-five years ago you said in a leader:—"There could be no more effective reply to the Nazi gibes about plutocracy than to show by practical action of this kind that democracy is capable of reconciling the claims of individual and national liberty with those of economic security." (October 15, 1940).

You were then commenting, with other matters, on an earlier version of the price stabilising system indefatigably propounded for a generation by Mr. Grondona—and expressing a preference for it to proposals by Keynes himself. The Prime Minister has lately and often expressed to the Commonwealth and developing countries his expert support for measures to stabilise the prices and the supplies of basic commodities. Here is his chance: at least to set up an urgent inquiry at the highest level into what can be done.

Yours, &c,  
DONALD TYERMAN,  
Holly Cottage,  
Hollyton,  
Suffolk.

## Jobs for school-leavers

From Mrs Kathleen Stewart-Smith  
Sir, While agreeing wholeheartedly with the two MPs who wrote (August 9) of the danger and grave social implications arising from widespread unemployment among school-leavers, I do not think their suggestions attractive or suitable for many young people who are anxious to begin their careers. Such a plan as is suggested might kill the voluntary service which many give cheerfully at present.

In my opinion it would be more reasonable for the Government to allow the recruitment for men at 60 instead of 65 years old. This would give movement throughout the working world and would, one hopes, create real jobs for the young. Incidentally it would bring more equality between men and women, the latter already having longer expectancy of life.

As to the help for elderly or handicapped people, these would more likely benefit from the attention of retired people who have knowledge of home "do it yourself", gardening and experienced sympathy behind them, but with full-time work have little time or energy to spare.

Yours faithfully,  
KATHLEEN STEWART-SMITH,  
The Archdeaconry,  
Rochester, Kent,  
August 9.

## Nocturnal bells

From Mr Simon Rae  
Sir, One way to end the Chinese torture of alarm bells ringing through the night would be to enforce the installation of similar bells in the houses of the key holders. This would ensure very regular checks on the eating habits of rats, etc, save a great deal of police time and result in longer periods of uninterrupted sleep for such people as Mr Napper and myself.

There would be few cases of the key-holder returning to his slumbers once alerted. The message would be unequivocal and irresistible, removing the possibility of anti-social insularity. "Never send to know for whom the bell tolls: it tolls for thee."

Yours faithfully,  
SIMON RAE,  
29 St. Margaret's Street,  
Canterbury,  
August 8.







# THE TIMES

## BUSINESS NEWS

**Lovell**  
for CONSTRUCTION

### July wholesale price indices underline slower pace of inflation

By Tim Congdon  
Fresh signs of a slowing down in inflation are given by latest wholesale price indices released yesterday by the Department of Industry.

Wholesale output prices rose under 1 per cent in July, the lowest monthly rate of increase since the first half of 1974, and the lowest since the first half of 1974, and the lowest since the first half of 1974.

The annual rate of increase in output prices in the past three months is 2.1 per cent, compared with a jump of 3.9 per cent between January, 1974, and January, 1975.

But even that underestimates the acceleration which has been particularly sharp since the first half of this year. The increase in May was about 2.3 per cent, but it is understood that a further 0.5 per cent of it was attributable to higher excise duties on alcohol, tobacco and alcoholic drinks.

There are also signs of an increase in raw material and fuel prices, despite the fact that the July provisional index for raw material and fuel prices rose by about 3 per cent.

The main cause is the depreciation of the pound which has made imported raw materials more expensive.

That output prices should be rising more slowly despite the higher prices of raw materials is an indication of the severity of the present recession.

Slower earnings growth and some reduction in interest charges may have helped companies to limit price rises, but the most important reason for the slowdown in inflation is the inability to pass on cost

#### WHOLESALE PRICES

The following are the indices (1970=100) of wholesale prices of manufactured goods and of basic materials and fuel purchased by manufacturing industry released by the Department of Industry yesterday. The figures are not seasonally adjusted, exclude purchase tax, but include revenue duties.

	Output prices (home sales)	Prices of materials and fuel
1975 Q1	119.1	128.0
Q2	120.1	133.3
Q3	120.1	130.9
Q4	120.1	127.8
1974 Q1	118.3	121.5
Q2	118.3	121.7
Q3	118.3	121.9
Q4	118.3	122.1
1973 Q1	116.0	120.9
Q2	116.0	121.7
Q3	116.0	121.8
Q4	116.0	121.8
1972 Q1	115.0	121.1
Q2	115.0	121.8
Q3	115.0	121.9
Q4	115.0	122.5
1971 Q1	113.5	122.5
Q2	113.5	122.5
Q3	113.5	122.5
Q4	113.5	122.5

Provisional

Increases to customers in present market conditions.

It may be some time before the slowdown in the wholesale index is felt in the retail price index.

Nevertheless, the recent behaviour of the wholesale price index will be welcome because it should contribute to a moderation in inflation generally and improve the reception given to the voluntary incomes policy contained by the July White Paper measures.

But the deceleration in wholesale price rises is plainly not connected with these measures. They were introduced too late to have any effect last month.

### Industrial production slumps to 5-year low

By Our Economics Staff  
British industry is producing no more now than it was five years ago, according to figures released yesterday by the Central Statistical Office.

All industries production was 3.5 per cent lower in the second quarter than in the first and almost 10 per cent down on its peak level in the third quarter of 1973, according to figures released yesterday by the Central Statistical Office.

Output of manufacturing industries declined even more between the first and second quarters—by 4.1 per cent. These statistics confirm both the suddenness and severity of the present recession.

Production is now below the level achieved during the three-day week by a sizeable margin. It seems that the power restrictions of early 1974 have had less effect on industry than the collapse in demand experienced recently.

Moreover, the recession is general and no longer confined to a few industries. Every manufacturing sector has cut back output in the past few months.

A partial exception is the textile, leather and clothing category, which suffered only a 0.8 per cent production drop between the first and second quarters, but these industries have already depressed late in 1974.

The impact of the recession on steel demand and indirectly on the finances of the British Steel Corporation is also clear.

#### INDUSTRIAL OUTPUT

The following are the index numbers of industrial production in April, seasonally adjusted, released by the Central Statistical Office yesterday. (1970=100):

	All industries	Manufacturing
1972 Q1	98.2	98.8
Q2	102.7	101.1
Q3	102.9	102.3
Q4	105.7	105.4
1973 Q1	109.9	109.9
Q2	109.8	110.0
Q3	110.7	111.5
Q4	109.5	110.5
1974 Q1	103.7	106.0
Q2	103.7	106.0
Q3	103.7	106.0
Q4	103.7	106.0
1975 Q1	104.5	105.5
Q2	100.8	101.2
1974 July	109.3	110.8
August	109.1	111.2
September	107.7	109.3
October	106.7	107.1
November	106.2	107.3
December	102.9	103.8
1973 January	105.0	106.8
February	103.4	103.3
March	101.9	102.5
April	100.5	100.8
May	100.0	100.6
June	100.0	100.6

from the figures. The output fell between the first and second quarters in metal manufacturing was 16.8 per cent and it will need just a small further decline to leave production at only two thirds of its 1970 level.

### Retail sales show 2pc rise

Retail sales in June were 2 per cent above their low May level. The final seasonally adjusted index for June is 104.5, similar to the provisional 105, according to figures released yesterday by the Department of Industry.

The total volume of sales in the second quarter of 1975 is estimated to have been 2.5 per cent below the level in the first quarter. Sales by durable goods shops declined by 1 per cent between the two quarters, despite the rise in VAT on luxury goods to 25 per cent which caused a small sales boom in April.

Fire purchase business in June continued to be depressed, despite the reduction in interest rates. Finance houses and retailers advanced £238m in June, a little less than in May. However, because of the April durable goods boom, much of which was financed by credit, lending in the second quarter as a whole was £756m, 5 per cent more.

The total debt outstanding to retailers and finance houses was 3 per cent lower in June than in May. In July, 1974, despite the higher level of prices.

#### RETAIL SALES AND HP

The following are the seasonally adjusted figures for the volume of retail sales and value of new instalment credit released by the Department of Industry:

	Sales by volume	New credit value
1975 Q1	105.8	2,487
Q2	107.7	2,371
Q3	109.9	2,517
Q4	111.8	2,781
1974 Q1	108.3	2,681
Q2	108.3	2,681
Q3	108.3	2,681
Q4	108.3	2,681
1973 Q1	108.3	2,681
Q2	108.3	2,681
Q3	108.3	2,681
Q4	108.3	2,681
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Q3	108.3	2,681
Q4	108.3	2,681
1970 Q1	108.3	2,681
Q2	108.3	2,681
Q3	108.3	2,681
Q4	108.3	2,681

### Germany speeds plans to boost construction

From Peter Norman Bonn, Aug 11

After a week's news that West Germany's unemployment rose between June and July and is firmly established above the million mark, the tempo of discussion over new measures to support the economy is beginning to quicken.

On Thursday the West German Federal Bank central bank reconvened after its summer break and Herr Hans Arpel, the Finance Minister, and Herr Karl-Otto Pöhl, his State Secretary, will attend.

The meeting should enable the government and central bank to reach agreement on the basic principles of the measures to be taken at either the end of this month or the beginning of September.

Although no details have been officially released, it is expected that the government will announce a DM4,000m to DM5,000m (about £750m to £930m) plan designed primarily to prevent a big jump in unemployment in the construction industry and to maintain its productive capacity at an acceptable level.

Certainly, over the past week, both Dr Hans Friderichs, the Economics Minister, and Dr Armin Grünewald, deputy government spokesman, have been giving warnings against expectations of a big recessionary programme.

At the weekend, Dr Friderichs told a public meeting in south Germany not to expect a "billion mark drop" in the construction industry.

He underlined the need for a decision for an immediate economic upturn in an increase in corporate investment.

Looking to the future Dr Friderichs in an interview which appeared in today's news magazine, Der Spiegel, forecast that when the upturn comes, it will not take the form of a super-boom, but will probably be very restrained.

Observers are unsure whether the Federal Bank will decide measures on Thursday to help the economy.

The government has been told that steps will have to be taken to cut back the public sector borrowing requirement once the economy recovers.

An advisory body to the Finance Ministry noted in a report published today that this year's expected public sector deficit of DM60,000m, half will be the result of a structural imbalance in the budgets of the federal government, the various states and the local government authorities.

While conceding that public borrowing in the order of DM60,000m this year is desirable given the present state of the economy, the ministry gave a warning that problems could arise when the economy begins to move up.

Because industry would then be competing with the public sector for credit and the rate of personal saving would decline.

### Electrical engineers consider leaving CEI

By Derek Harris

The Institution of Electrical Engineers, which stood out against recent compromise proposals for reorganizing the Council of Engineering Institutions, is expected at its governing council meeting next month to consider resigning from the CEI.

A recommendation that it should give a year's notice of resignation is likely, after a statement from Dr George Gainsborough, the IEE secretary.

Commenting on earlier CEI claims of a breakthrough in restructuring the umbrella body for 15 chartered organizations, he said: "This is a compromise that falls far short of meeting principles we have been trying to establish. Indeed, my president, Mr James R. Merriman, is disappointed to regard it not as a breakthrough, but as possibly the beginning of a break-up."

If the IEE left the CEI, the umbrella body would lose a substantial amount of subscription income. Last year, the IEE contributed around £20,000 of the CEI's total income of £126,000, and was expected to pay out some £30,000 this year.

At last month's CEI board meeting the IEE voted against the compromise proposals because it wanted chartered engineers at large to be able to vote in a substantial number of the CEI governing board.

This follows proposed changes agreed at the board meeting which would create a new class of affiliate bodies whose members could, with the right qualifications, then get into the coveted chartered club.

About 10 non-CEI institutions have already indicated their interest in supporting the CEI as affiliates.

In the event it was decided that individual engineers would have a vote, but only within their own organizations for each body's own representative.

Portugal's worsening political situation has caused Norwest, the Lancashire-based civil engineering and building group, to write off its entire investment there at a cost of £885,000.

This provision was announced yesterday with the publication of the preliminary results for the year to the end of March, which disclosed that the group lost £3.87m after making a profit of £1.67m the previous year.

Only last December Mr D. B. Le Mare, the chairman, said he did not expect "any significant change in the rate of earnings".

### Leading US banks raise prime rates to 7¼ pc on expectation of a surge in demand for loans

From Frank Vogel Washington, Aug 11

A host of American commercial banks today followed the lead set by the First National City Bank of New York on Friday and raised their prime lending rates to 7¼ per cent from 7 per cent.

Those making the move included Chase Manhattan, Morgan Guaranty, Manufacturers Hanover, First National Chicago, Marine Midland and the Bank of New York.

The increases were not widely expected. Money market dealers had earlier suggested that most banks would probably hold their rates at 7 per cent in view of the extremely sluggish loan demand.

But the higher rates tend to confirm the view that an increasing number of bankers believe loan demand will start rising soon in line with the general economic recovery and inflation could well continue to revive at a brisk pace.

In a report today the Commercial Union Bank predicted that moderate loan demand growth would be seen in coming months, while in another report the Federal Home Loan Bank of San Francisco announced a record volume of mortgage loan demand in California.

The bank noted that savings inflows continued at a record pace, rising so fast that despite the high demand for loans some reduction in mortgage rates was likely.

Figures issued by the California bank showed that net inflows to all savings and loan banks in California, Arizona and Nevada were at more than double the previous record monthly volume in June at \$722m (about £344m), taking the level for the first half of the year almost to the previous annual record volume at \$430m.

Mortgage loans granted in the district in June reached a record \$1,215m.

In an economic report today experts at the First National City Bank made a small upward increase in their inflation forecast, suggesting that consumer prices would rise at an annual rate of 6 to 7 per cent in the present quarter after gaining at an annual 5.1 per cent rate in the second quarter.

The rise in consumer prices is seen as a direct result of the ending of oil price controls here on August 31, and of higher grain prices resulting from large sales to the Soviet Union.

But Citibank economists estimate that consumer prices would rise at an annual rate of only 5 per cent in the final quarter of this year, largely as a result of the slack in the economy today.

Meanwhile, another forecast published today by Chase Economic Associates suggested that a decontrol of oil prices was unlikely to have a significant inflation impact, on the ground that the full force of the measures would be more than half offset by the President's ending of the oil import tariff.

This respected forecasting organization added that it had revised downward its forecast for unemployment. By the end of 1976 the level was likely to be 7 per cent, rather than 7.5 per cent.

Prospects of higher inflation and the upward movement of interest rates are having a depressing effect on the securities markets, but analysts now expect more stable conditions this week in the bond markets.

There was some good news in the form of today's results from the New York Stock Exchange, showing that its net revenue rose in the first half of this year to \$3.1m from only \$274,000 in the 1974 period.

Finally, there appears to be growing confidence that consumer spending is now rising swiftly according to today's series of economic reports—which will improve profit prospects.

Fears remain, however, that the rise in retail sales may be countered significantly by rising inflation, and that the pace of economic recovery over the next year may be nearer a real gross national product rate of 6 per cent than the Administration's expectation of 7 per cent or more.

The United States and Britain were the leading "invisible" exporters in 1972, accounting for over a third of the world's total invisible receipts, a report published yesterday shows.

Invisible trade items include shipping, tourism and insurance.

The study found that of the \$123,600m (nearly £60,000m) in world invisible receipts in 1972, the United States accounted for nearly \$27,000m, 21.9 per cent of the total, and Britain for \$13,800m, equal to 11.2 per cent.

A trade mission of 12 firms from northeastern England is to go to Moscow in October as a result of the Anglo-Soviet trade credit agreement signed by the Prime Minister earlier this year, the North of England Development Council announced in Newcastle yesterday.

The companies will seek orders for a wide range of goods including mining equipment, diesel engines, bearings, laboratory glassware, and a variety of heavy and light engineering products.

Greece is preparing to revise all commercial agreements reached by the previous military regime and private investors. Mr Panagiotis Karamanolis, Minister of Coordination and Parliament would be asked to approve a law to amend or dissolve all contracts arranged by the Papadopoulos régime.

A fish processing company at Hull is closing, because of the recession, and 150 people, most of them full-time workers, will be redundant. A spokesman for Finbar, a subsidiary of the Hamling trawler group said the industry was badly hit by the recession and Hull fish dock district was a depressed area.

Five-Cal-Babcock, a French manufacturer of heavy machinery, said yesterday it had been awarded an order from the Kenyan government worth 145 million francs (about £15.5m) for the construction of a sugar refinery. It is believed to be the largest-ever contract in Kenya awarded to a French firm.

The Byron Jackson pump division of Borg-Warner said yesterday it had been awarded a \$35m (about £16m) contract for nuclear pumps to be used in the nation's first large-scale demonstration breeder reactor to be built in Tennessee in the early 1980s. The contract calls for seven pumps, to be designed, built and tested.

Commercial banking sources widely expect the Bank of Japan to lower the bank rate to 7½ per cent from 8 per cent today.

The Times index: 120.33 +2.11  
The FT index: 283.3 +4.5

### Commercial Union reveals £25.3m underwriting losses in first half

By Anthony Rowley

Commercial Union, one of the largest British composite insurance groups, lost £25.3m on its worldwide underwriting of fire, accident and marine risks in the first six months of 1975.

This was a marked deterioration on the £2.7m loss under similar headings in the first half of last year.

The loss was also much greater than had been expected. On the stock market CU's share price fell 1½p to 13½p yesterday.

Other composite insurance groups' shares also reacted, including those of General Accident, which is due to report its 1975 first-half results tomorrow, and of Royal Insurance, due to report next week.

Income earned by CU on its worldwide investments rose 40 per cent in the first half of this year, to £49m, reflecting the impact of last year's £62m rights issue and the £67m sale of parts of its City head office building, as well as higher premium income from new business and rate rises.

The combined effect of these factors was a 41½ per cent fall to £14.4m in CU's first-half profits before tax.

The severity of the underwriting deterioration had surprised even CU in some respects, Mr Gordon Dunlop, the group chief executive, said yesterday. He blamed it largely on the lack of underwriting in the insurance regulatory authorities about the impact of inflation on insurance business.

"There has been a big deterioration in the United States largely as a result of poor motor results," CU states.

These arise from a combination of further increases in court awards and higher repair costs, neither of which have yet been reflected in premium increases.

With the shares at 28½p—equivalent to 2.85p in their old form—the new company was valued last night at just under £17m.

But the injection of some £200m of new capital into the company has still to come. This will be achieved over the next few weeks through the proposed 10-for-3 rights issue at 100p a share which is to be underwritten by the Government.

At the moment the Government holds some 78 per cent of the company's shares, but should it find itself taking up all the shares being offered by way of rights, then its stake would rise to 95 per cent.

Financial Editor, page 17

### Portuguese write-off by Norwest

Mr D. B. Le Mare: did not expect change in the rate of earnings.

Portugal's worsening political situation has caused Norwest, the Lancashire-based civil engineering and building group, to write off its entire investment there at a cost of £885,000.

This provision was announced yesterday with the publication of the preliminary results for the year to the end of March, which disclosed that the group lost £3.87m after making a profit of £1.67m the previous year.

Only last December Mr D. B. Le Mare, the chairman, said he did not expect "any significant change in the rate of earnings".

Norwest had been building a fashionable development of villas close to a golf course on the Algarve. As the political situation worsened, sales of completed houses halted and building work stopped.

The decision to write off the investment was taken a few months ago but had been stayed until it appeared that "things were positively going in the wrong direction", a company spokesman said.

Norwest still retains assets in Portugal in the form of buildings, some only partly completed, land and materials.

Financial Editor, page 17

### Nigeria cuts crude by further 3 cents

New York, Aug 11—Nigeria is retrospectively cutting its crude oil sales prices by another five cents a barrel to \$11.75, PTIV says.

Nigerian crude is still priced some 90 cents above "marker" Arabian light crude in the Arabian Gulf at \$10.46, reflecting the higher value of Nigeria's oil yield and its nearness to market.

Nigeria's latest move reduces the producing companies' average cost by another 3 cents a barrel, making a total cut of 29 cents to \$10.92 for 34-gravity crude in the third quarter.

Port congestion: Baltic Exchange sources in London suggest that owing to the present heavy congestion, vessels arriving at Lagos/Apapa after next Monday will not be allowed to enter the port area to await discharge.

Baltic brokers report that 227 vessels in the area are awaiting discharge and that a vessel fixed now for a general cargo to Lagos/Apapa might well wait until next February for discharge.

Duplication hampers Nigeria's development, page 17

### Slater, Walker leasing office space to Deloitte

By Our Financial Staff

The first day in the life of the new, state-controlled British Leyland company proved a volatile rather than a busy one on the Stock Exchange.

The new 50 shares—shareholders received one share in the new company for every 10 in the old one—opened on a spread of 20 to 25p. Later they pushed ahead to a peak on the day of 32½p by the close.

By then SWS will have occupied Oyez House in Fetter Lane as its headquarters. This freehold building is already owned by the group. But the SWS banking activities will continue from the ground floor premises at 30 St Paul's Churchyard.

Deloitte, who originally intended to occupy Printing House Square after The Times moved to its present position in Gray's Inn Road, will continue to use 128 Queen Victoria Street.

Slater, Walker Securities is leasing to Deloitte and Co. the accounts, 75,500 sq ft of Petershill House, 30 St Paul's Churchyard and adjoining properties. It is expected that completion will be effected in the second part of 1975.

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## Phone sales drive urged by PO union

By Our Industrial Editor  
Higher telephone charges are being supported by the Post Office Engineering Union, but it has asked the corporation's board to launch a big sales drive for the telecommunications services.

Mr Bryan Stanley, the union's general secretary, has told his members of a drop in demand for new installations and a slowing down in the increase in telephone traffic in both local and trunk networks.

"To counteract this effect the union has proposed to the Post Office that this is the time they must enter into a much more vigorous and systematic sales and marketing campaign", he states.

"For too long we have been waiting for customers to come to the Post Office to ask for services; from now on unstimulated demand will not be sufficient. We must advertise the advantages of the telecommunications services and everyone in the telecommunications business must become sales-conscious."

Heavy deficits and the fall in demand, Mr Stanley says, were very serious problems facing every union member in the next few months. Both the corporation and the unions were agreed that they cannot allow the situation to drift.

## Gas board confirms plan to buy BP residue from Forties and Frigg

By Peter Hill

The British Gas Corporation confirmed yesterday that it had agreed to buy residual gas associated with BP's Forties field and the company's share of gas from the Frigg field.

Both parties said the agreement had been signed before the end of June and they would therefore be exempted from petroleum revenue tax. Gas contracts signed after June 30 are subject to PRT.

A spokesman for BP said that some of the residual gas

on the Forties field would be used on the field to power generators on production platforms while the rest would be delivered to the group's refinery at Grangemouth for further processing.

It is thought that at peak production on the Forties field, BP will have about 10 million cubic ft a day of gas which will be surplus to its needs and will be taken by the gas corporation. The spokesman explained that the BP share of gas on the Frigg field was not known but the arrangement with the corporation was regarded as "a tidying up arrangement."

The British Gas Corporation confirmed that it expected to receive a small amount of gas from the Frigg field but added that no final decisions had been taken on how it would dispose of the gas.

There are reports that the corporation is hoping to sell to big industrial customers, with the British Steel Corporation and the Central Electricity Generating Board said to be among those which have expressed interest.

## Process for liquefying natural gas at sea

By Roger Vielvoye  
Energy Correspondent

A scheme for turning quantities of natural gas produced in association with North Sea oil into liquid methanol on a new generation of steel offshore platforms has been devised by a Cambridge firm of design engineers.

Dealing with reserves of associated natural gas which do not warrant individual pipelines to the shore will be one of the problems to be faced by offshore development companies over the next few years. The Government has made it

clear it will only permit the gas to be disposed of by burning on the platform as a last resort.

A government-commissioned study is investigating the possibility of laying a grid of small-diameter pipeline which would enable the oil companies to pump their surplus supplies of associated gas to a central point where it could be transferred to a single large-diameter line to the shore. However, the network would have to be enormous and oil industry sources feel it would be far too expensive to build.

Balena Structures of Cambridge claims that conversion to

methanol would be the answer. For between £100m and £140m a 2,000 metric tons a day methanol plant could be constructed at sea on a new design of platform which resembles the concrete structures now appearing in the North Sea but actually made of steel.

Mr Gordon Norton, chairman of Balena Structures, said the 25,000-ton steel structure could be built in either shipyards or steel platform jacket yards. The cost of the basic structure without a methanol plant or oilfield production equipment was about £25m.

## Big rush to book winter holidays

By Patricia Tisdall

Lunn Poly, one of Britain's largest travel agency chains, has reported an increase in winter holiday bookings more than 90 per cent higher than the same period last year.

This partly reflects a tendency by holidaymakers to book through the older established travel agencies, but there seems to be a rise in the total number of winter holidays being sold.

Thomson Holidays, which like Lunn Poly, is part of the Thomson Organisation, says it has already sold half its 300,000 holidays for the winter. Cosmos, the second largest inclusive tour operator, has recorded bookings 90 per cent above last year.

Some of the bookings are from holidaymakers who could not be accommodated in the restricted schedules planned by many tour operators.

Most popular destinations for winter holiday bookings are Palma, Moscow, Madrid and Greece, followed by the Costa Brava, Benidorm, Tunisia and cities of Europe, Thomson says. Tenerife, Madeira, Ibiza and the cruising programmes are going a little slower.

British Airways winter holidays under the Sovereign and Enterprise names are selling at about last year's level.

## LETTERS TO THE EDITOR

### CTT's disturbing effects on woodland investment

From Mr D. W. G. Taylor  
Sir, On behalf of the many employed in private forestry, I would like to thank you for the continued prominence you have given to reports of the disruptive effects of Capital Transfer Tax (CTT) on woodland investments in Britain.

I cannot agree with the view that CTT will lead to the premature felling of timber on a wide scale.

I believe quite the reverse will happen, but the net result, a distortion of supply to the trade, will be similar whoever is right. The tendency of the tax is to discourage good husbandry and depress production.

Allow me to restate that we spent £1,800m on imported timber last year, and this in a year when the building industry has

been in the doldrums. The Forest Service of nation upon nation reports the same pattern of accelerating demand, declining resource and low reinvestment.

Timber is a basic raw material, and although it is a renewable resource, a long-term policy is essential. This we have never had in Britain. In fact, the forest manager has rarely been able to see beyond the annual financial account.

All our forest policy, state and private, needs an urgent re-think. If we are to continue to have private investment in woodlands, there must be changes to CTT legislation.

D. W. G. TAYLOR,  
109 Promenade,  
Cheltenham,  
Gloucestershire.

### Strange logic Reader's Dig post arguer

From Mr J. F. K. Noss  
Dear Sir, Surely today (August 6) the Victor Reader's Digest As makes strange logic. On go further and say strange morality.

By his own unaided 85 per cent of those are people who get into top of his pushed through their fingers. This is logical. Therefore, if from this fact would these same people, if advance whether or whether to have the boxes cluttered with solicited Reader's would undoubtedly pl not

But Mr Noss's case by inflicting a time was utterly pointless anno 850 people out of a sample of 1,000, not on remaining 150 receive dual at a cheaper price than would otherwise be able but that this same (cheaper) moral costs to the public as a whole

This argument makes sense in the narrowest social context, but of an absolute nonsense if costs are considered.

In fact, one could ward a very good case opposite argument, namely of applying a heavy charge on all unsolicited advertising material. Yours faithfully, J. F. K. NOSSWORTHY, Sprats, The Common, Cranfield, Surrey

### Concorde cabin design and use of foreign consultants

From Mr James Lyne

Sir, On the same day as you published a letter of criticism regarding the appointment of foreign management consultants by the Secretary of State for Industry, you ran a feature article on Concorde which informed us that British Airways commissioned the design of the cabin interior for this aircraft from an American design consultancy.

Since my firm does not practise in this particular area of design I have no personal axe to grind of the decision. However, I feel that many of my colleagues with experience in transport design must feel this appointment to be an affront to their professional competence.

Should Freddie Laker ever achieve his ambition of operating Concorde, I hope he will provide a British designer with the opportunity of creating the cabin interior.

Yours faithfully, JAMES LYNE, Industrial Design Partnership, 11 Finch Green, Alton, Hampshire, August 6.

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Yours faithfully, JAMES LYNE, Industrial Design Partnership, 11 Finch Green, Alton, Hampshire, August 6.

### Smug attitudes of some motor agents

From Mr A. S. Rhymer  
Sir, The letter today (August 7) from Mr Alham epitomizes the utterly smug and negative attitude on the part of far too many of the members of the Motor Agents Association, including at least one representative of a well-known foreign manufacturer although on the whole the latter would appear to make a much greater effort to inject a breath of enthusiasm into their "sales outlets" than British manufacturers have ever dreamed of doing.

About three weeks ago, after waiting about in the showroom for some ten minutes—utterly ignored—I told the retailer in question that my wife proposed to replace her nearly four years old car with the up-to-date model and asked roughly what they would be prepared to offer for it.

I also reminded the salesman that his predecessor of four years ago had failed to sell my

wife the present car as he had not only offered her £100 less for her previous one than she eventually got, but, completely unjustifiably, gave her a considerable fright by saying that it was unsafe and should never have passed the MOT—which an immediate inspection by the AA showed to be completely untrue.

In the event she shopped around and got the equivalent of a 41 per cent discount for cash from another retailer. The present salesman rightly pointed out that this was before his time and that he "hoped they could do better."

The part-exchange deal he offered did not look very attractive so I telephoned another retailer whom I knew to have achieved the highest penetration for this particular marque a few years ago. As a result my wife now has a deal under which the net cost of getting the new car on the road,

give or take £50 in present car is actually next month, will leave her at least £100 and possibly better off than the local offer would have done.

Is not the present attitude of the car industry sufficiently grave in its thorough reappraisal fundamental method of motor cars? Could it be that the industry's part of interest in which customers are satisfied stems from its lack of direct contact with any—until things have wrong that the latter to bypass the retailer? Hopefully, to get his sorted out? One might be if manufacturer a 49 per cent financial in each of their retail A. S. RHYMER, 71 Highbury, Hilla Road, Cambridge.

## Lloyds Bank orders more IBMs

As part of its move to streamline its computer operations—its present based on two centres in London and one in Birmingham—Lloyds Bank yesterday announced orders worth more than £12m for IBM equipment.

The order includes two large 370 Model 168s to assist branch accounting operations; and seven IBM 3890 document processors which will be used to sort about 300 million cheques a year.

The bank's computing will be concentrated in a new operations centre—in effect containing two computer centres on a single site—which is now under construction at a South Bank site in London.

When the new centre comes into operation in 1977-78 its main computing equipment will include a total of four IBM 370/168s and two 370/158s. The order, announced yesterday, represents the biggest single order placed by Lloyds with IBM.

### Pressure programmes

Programmes developed at the Berkeley Nuclear Laboratories of the Central Electricity Generating Board are being used at the National Engineering Laboratory, East Kilbride, for the analysis of pressure-vessel design and component testing.

### Computer news

This CEB/NEL collaboration is part of a continuing drive to improve security standards for pressure vessels and other engineering components which operate at extremes of pressure and temperature.

Use of the NEL computer system, it is expected, will be of benefit to heavy engineering organizations in Scotland and the north of England.

Known as BERSAFE, the CEB package can be used to model, in two or in three dimensions, thermal and mechanical stresses in engineering components of any shape. It can be used to examine stresses around welds and fractures.

### Languages guide

Current low-level programming languages are cost-effective in the short term when only the direct cost components are considered: the Coral 66 and PL360 languages are more cost-effective for the long term: PL/I achieves good short-term results but at the expense of large increases in the requirements for program

core and central processor time.

These are among the principal findings of a detailed study, *Choosing the Programming Language* (published by HMSO for the Central Computer Agency at £2.50) produced on behalf of the CCA by SPL International.

### NCC software survey

The National Computing Centre has been commissioned by the Department of Industry to conduct a survey into the market for computer software in the United Kingdom. The survey is linked closely with the Government's software products scheme, which is operated by the NCC on behalf of the DoI.

### County systems

Honeywell is to supply large computers to Essex County Council and to Humberside County Council.

The Essex order is for a £635,000 Model 6060; the Honeywell proposal to Humberside (not yet concluded) is based on equipment worth £500,000 in the current financial year, rising to about £1m by the early 1980s.

Kenneth Owen

### Business appointments

#### Upper Clyde liquidator on Standard Life board

Mr R. C. Smith has been made a director of Standard Life Assurance. The official liquidator of Upper Clyde Shipbuilders, Mr Smith is on the board of Finance Corporation for Industry, Finance for Industry, and Scottish United Investors.

Mr C. H. C. Needler has been elected chairman of Hovershield Group.

The following changes have been made to the boards of French Kier Holdings subsidiary companies; Kier: Mr J. C. S. Morris has retired as managing director and left the board. Mr W. Fox succeeds him; Mr Mott remains a director of J. L. Kier and the parent company, French Kier Holdings, of which he is chairman; Mr G. S. Kidd has also retired from the Kier board, but remains a director of J. L. Kier and of French Kier Holdings; Mr Kidd is managing director of French Kier International into which all group overseas activities are being amalgamated. Mr C. A. Frenson has been made a director of Kier.

W. & C. French (Construction): Mr T. J. Wignall has relinquished the managing directorship, but remains chairman. Mr W. R. Hare becomes managing director in his place. Mr D. V. Brand is made finance director and Mr T. A. Clark a contract director. French Kier International: Mr W. E. Anstead and Mr E. R. Allen

have joined the board as contract directors.

Mr B. G. L. Jackson has joined the main board of Caravans International as a non-executive director. Mr Jackson resigned recently as managing director of the Rover Triumph division of British Leyland.

Mr John Jarvis is to be managing director of Ladbroke Holdings, a member of the Ladbroke Group. Mr Robert Updell, chairman of Ladbroke Holdings, has relinquished his duties as temporary managing director.

Mr R. J. Clark has been made technical director of Glynwed Group Services.

Mr R. A. Norris has been made managing director of the Chelsea Building Society. He was formerly general manager. Mr W. E. Wilford and Mr M. H. C. Hayler have retired from the board.

Mr George Hammond is appointed managing director of Beaulish Electronics (1970).

Mr Alan Benjamin has been made director-general of the Computing Services Association.

Sir Charles Wilson has been made a director of Scottish Metropolitan Property.

Sir Cyril Harrison, chairman of Shirley Developments, has retired and resigned from the board. Mr T. Westbury, a director of Readson, has been elected chairman.

# "Your Company is organised and equipped to maintain its leadership in its main product fields... and to ensure long term success and profitability"

Sir Jules Thorn Chairman

### Sales at £807m with 25% overseas

In the year to 31 March 1975 the Company's operations were adversely affected by general economic conditions. However, sales in the year, including sales between divisions, total £807m compared with £739m last year. Overseas sales accounted for 25% of Group turnover, totalling £212m compared with £178m.

The Chairman in his Annual Statement to shareholders says that difficult market conditions in consumer durable products, combined with price controls, reduced margins below the levels of previous years and, with costs rising at an unprecedented rate, trading profits were lower than last year at £144m compared with £151m.

Pre-tax profits after depreciation and interest amounted to £65.4m compared with £74.1m and profits after tax amounted to £30.3m compared with £36.6m.

In engineering and domestic appliances the increased levels of business were sufficient to counterbalance rising costs and increased profits were recorded. Similarly, in television rental the increased income from the growth in colour subscribers combined with the reduction in unit depreciation costs provided satisfactory growth in profits. However in television and audio and in lighting, where business was at a reduced level, both divisions suffered from excess production capacity, recording substantial falls in profits compared with 1973/74.

### Borrowings substantially reduced from peak level

After a substantial increase in borrowings in the first half of the year, due to the finance required for the acquisition of Clarkson International

Tools and the effects of inflation on working capital requirements, borrowings at 31 March 1975 were substantially reduced from the peak reached in the autumn. The improvement was achieved through the high level of cash flow, £112m in the year, and despite the continued high level of capital expenditure totalling £91m, on fixed assets and rental equipment.

### Prospects—some encouraging signs

Prospects for the current year are overshadowed by the problems of the UK economy. If British industry is to have any hope of remaining competitive in the international markets it is imperative that the rate of inflation be brought under control.

The television rental business has been adversely affected by the VAT change in the first quarter of 1975/76. However, in recent weeks the trends have been encouraging and we still confidently expect a substantial increase in the number of colour subscribers this year.

Demand for consumer electronics remains low but turnover in domestic appliances has been maintained at a buoyant level. There are signs that the lighting business in the UK has now 'bottomed out' and some recovery in profits can be expected this year. The engineering division may be affected by the downturn in the economy later in the year, but we still expect satisfactory profits in 1975/76.

There are prospects of improvement overseas this year. The well-established lighting and domestic appliance operations can be expected to progress. Market conditions in consumer electronics continue to be difficult but some overall improvement in results is expected principally due to the improvement in trading in Australia. Considerable expansion in overseas rental is planned.

The Board is confident that the Company overall has adequate finance facilities available and there is no intention of raising cash from shareholders in the foreseeable future.

Thorn Electrical Industries is a world wide company with four distinct areas of activity, T.V. and audio, lighting, domestic appliances and engineering. It uses many distinguished trade marks including Kenwood, Atlas, Mazda, Bendix, HMV, Ferguson, Ultra, Marconiphone, Baird, Tricity, Parkinson Cowan, Benham's, Ave. Goodmans, Main, Moffat, Clarkson, DER. The Company operates 80 major factories and employs nearly 95,000 people around the globe, all contributing in the past year to a record turnover of £807 million.

# THORN

THORN ELECTRICAL INDUSTRIES LIMITED, THORN HOUSE, UPPER SAINT MARTIN'S LANE, LONDON WC2H 8ED



BY THE FINANCIAL EDITOR

## An unhappy pointer from CU

Commercial Union's first half profit of £25.3m is a setback to market as that composite insurer underwriting was for recovery this year. It is premature, though, to judge how serious a setback Tuesday's news will be, by time both GA and Royal will have reported.

CU, GA and Royal are the groups with by far the most element of premium income derived from the United States. That accounted for three-quarters of CU's half underwriting losses in this, motor business, and for around one-third of CU's total United States business. The latter, however, has almost half United States business in insurance and it will be interesting to see how it has fared in the second half. CU's losses were widely one state to another. But it does prove typical, that sector cannot look for any improvement in United States motor classes before the end of the year. The slight delay in reporting premium increases and the fact that the United States compensation insurance is CU's most heavily weighted among the United States composite and it is (where Royal was last year) but has been back are also unlikely to improve ahead of American.

CU's losses appear to have been the result of CU's underwriting losses (perhaps £10m) and here the UK is not so good. CU is in a remedial action. It is this means selling business and by next week should know whether the house recommendations nationalizing workmen's pension business will go through. If so that will be 25 per cent of CU's Australian business gone at a stroke, but that is good news if it depends on the compensation terms.

Meanwhile, the solvency ratio of 30 per cent looks to be around maintained increased premiums, though below the sector average. The composite group shares show relative weakness in the market, but it is whether it has jumped on an expectation of an all underwriting improvement in 1975.

1975 (1974)  
Capitalization £408m  
Revenue £14.4m (£14.4m)  
Pre-tax profit £1.4m (£2.6m)  
Dividend gross 3.85p (3.85p)

British Leyland

below

if

We recommend that the corporation should be reconstituted in such a way that its primary business should be a viable premium over their value. So suggested the Report on British Leyland. And to make sure that there was a reasonable chance of the shares in the company have a 50p price. That 50p might, on the one hand, have seemed reasonable but on the other, the Government was trying to take shareholders to be old company out at the value of double that price; the other, the share price he old company had never been below the equivalent of even in the market's darkest winter.

reasonable but not, the remains that the shares, had at 22p yesterday morning.

ing and closed at 28p last night. Not, of course, that there ever seemed much likelihood that shareholders other than the Government would be likely to subscribe for rights shares at 100p a time.

But there is, perhaps, one important lesson that the mandarin of Whitehall might learn from all this. As they persevere, the Diamond Report shows that underlying asset values have relatively little effect on share prices. True, market forces are somewhat distorted in this case in the sense that government control of the company rules out the possibility of an outside bid, but the fact that the Government has underlined the company does at least mean that those assets—perhaps five to six times the present share price—allowing for the rights issue, are worth something more than a nominal value. The simple reason why Leyland shares are in limbo and languishing is that any prospect of the shares generating any dividend income looks to be rather distant.

Ship Canal

### Nationalization may not happen

In addition to whatever drop in traffic might be associated with worldwide recession—the projections for this year are a 20 per cent fall in tonnage passing through British ports—Manchester Ship Canal has had to contend with a series of unofficial stoppages which affected some three months out of the first six. Hence the slight downward in revenues.

How far recovery can be expected during the second half will clearly depend on trading conditions beyond MSC's immediate control, but for the moment at least it is achieving high levels of productivity again and while costs have been rising rapidly, there have been offsetting benefits from internal economies and the introduction of a new basis of charging.

What really counts for the shares, however, is the continuing threat of nationalization which makes possible compensation in these circumstances. A more meaningful consideration than the trading outlook or the prospective yield of 11.1 per cent, assuming an unchanged net final dividend, with the shares 6p down yesterday at 165p. A book asset value of 650p a share is clearly quite excessive, and although most outside estimates are for something usefully above the present share price, there is enough uncertainty about the timing to argue for caution—although of course the shares remain one way of gambling that nationalization will never happen.

1975 (1974)  
Capitalization £5.0m  
Revenue £7.7m (£7.84m)  
Pre-tax profit £0.75m (£2.01m)  
Dividend gross 9.24p (8.96p)

Ellis &amp; Everard

### Powerful associations

Ellis & Everard's shares lost 7p to 98p yesterday on preliminary results for the year to end April; and at first sight there was nothing to fault in the reaction. Profits, after all, have continued to plunge despite half-time hopes of a better performance in the second six months of the year; there is nothing in the statement accompanying the figures to inspire any immediate confidence; and, worst of all, the dividend has been cut to a level at which the

shares, even after their fall, yield only just over 4 per cent. Despite the cut there might well, ahead of publication of the report, have been a certain amount of unease about the look of the balance-sheet, but according to the company borrowings are down and working capital requirements have been well contained despite a massive increase in the turnover of the chemicals division. For stocks in the building supplies division—last year saw turnover drop fractionally while there has been a pre-tax turnaround from a profit of £752,000 to a loss of £18,000—have been cut back very sharply indeed.

It was in fact the chemicals division which was the salvation of Ellis & Everard's profits last year with an improvement from £337,000 to £619,000 which must in part be attributed to the ICI link-up. Chemicals looks set for a continuing good performance; this time the DTY should have more of a hand in the building supplies division; and meanwhile the group has put its capital spending plans into cold storage and has a very firm hand on its other financing requirements. Under these circumstances—and given the maintained one-third shareholding of Unilever—the shares might make a good buy for recovery—on the understanding that they are not likely to go worse before they do better.

1974-75 (1973-74)  
Capitalization £5.5m  
Sales £24.8m (£24.8m)  
Pre-tax profit £604,000 (£1.0m)  
Earnings per share 3.1p (9.24p)  
Dividend gross 4.56p (9.6p)

Norwest Holst

### Clearing the decks

The collapse of the property market and the continuing swing to the Left in Portugal have taken a heavy toll at Norwest Holst, the Laneside-based civil engineering and building group.

Norwest stepped up its holding of land and property late in the day; last year's accounts showed that holdings had almost doubled to £10.5m in a year. Now these have been written down by £3.5m which has led to a host of other problems.

The transfer from reserves to meet the deficit has just about halved shareholders' funds, with the result that the level of borrowings is about twice the authorised amount. As a result, four times shareholders' funds. Shareholders and stockholders are now to be asked to authorise an increase in the borrowing powers.

Interest payments were up 27 per cent at £1.55m, but total borrowings do not appear to have moved beyond the level of the previous year's figure of £12.3m, although the company says that overdrafts have been substantially reduced this year.

The company now intends to cut back on its property and housing land bank and concentrate more on the civil engineering side of the business.

The group's new strategy is to concentrate on seeking contracts abroad, particularly the Middle East. However, Portugal has proved a sore spot with the company writing off an £885,000 investment in its subsidiary because the political climate has made selling up-market villas impossible.

The shares remained static at 16p yesterday, despite the passed final dividend. This compares with a 12-month peak of around 40p. Nevertheless, at this point the shares should be left alone.

1974-75 (1973-74)  
Capitalization £1.42m  
Sales £59.4m (£55.5m)  
Pre-tax profit £3.87m (£1.67m)  
Earnings per share — (7.1p)  
Dividend gross 1.3p (3.44p)

# Aiming to improve the quality of working life

Eric Wigham

With a staff of 21, including 10 administrative and clerical people, the Work Research Unit set up by the Tripartite steering group on Job Satisfaction at the end of last year, has an uphill job to get British firms generally interested in improving the quality of working life.

The unit started with a number of handicaps, one of which is its name. The very word "research" has academic undertones which are apt to repel the down to earth industrialist. The unit does sponsor research by academic institutions, but the team itself is mainly concerned to give practical help to firms which are ready to try something new.

It includes industrial relations experts, an engineer as well as psychologists and sociologists, and Mr Gilbert Jessup, the director, is planning to build up the proportion with practical experience in industry. The fact that both employers and trade unions are represented on the Tripartite Steering Group gives some assurance that the organization is thinking in practical terms.

Another handicap is the economic climate in which the unit has begun its work. Firms struggling for existence and workers for employment are not in a mood to try long-term experiments—unless the Government gives them a lot of money. And the reorganization of a work system in even a small firm is inevitably a slow job.

For instance, the management of a West Midlands foundry employing about 350 workers got in touch with the unit in February. Mr Jessup had a meeting with the directors of the company and then with trade union representatives and conveners of shop stewards.

Finding some encouragement, Mr Jessup and one of his engineers spent two or three days in the foundry studying the technical processes and grading system and so on in detail. Next, all the managers down to foreman level were invited to a weekend conference at a local hotel, broken up into syndicates for part of the time, to discuss the scope for making the work more interesting.

In some sections it was thought autonomous work groups could be built up and previously employed on one task could become "skilled foundrymen" able to perform a range of operations. The suggestions were discussed and developed at a weekend conference with the shop stewards.

The next step was the establishment of a steering group including the works manager, personnel director, representatives of the foremen and trade unions, and three shop stewards, one from the office. This group has now met four times, working out detailed plans for the different sections on some of which they will make a start in the autumn.

Eventually it is hoped everybody will be included, and it is regarded as essential that every employee should be involved in preparing the new schemes. The handling of the process of change is more difficult, Mr Jessup says, than deciding on the objectives.

It is vital to bring the foremen in at every stage. The more responsibility is given to the work group or multi-skilled foundrymen, the less is exercised in detail by the foremen, but they may have added duties in the training of workers, for their new role and perhaps expanded managerial responsibilities.

The firm began with no serious industrial relations problems and had already gone some way towards restructuring. Only one union was mainly involved. In spite of these initial advantages, and the smooth progress that has been made, the example has taken up a great deal of the unit's time.

The unit has also been working in the accounts department of a large organization in London, with an excessive turnover problem, in which its members interviewed every one of the 100 or so members of the staff. And it has been looking at a local authority's chemical employees in the south of England.

It has also found a good deal of interest in restructuring office work. It costs less to move desks about than heavy pieces of machinery, and there are a good many clerical workers capable of more demanding work than they are doing.

The majority of approaches are still concerned with manual workers, however. It is hoped to reach the point of organizational change in the next few months in a dockyard, a foundry firm and a sweet factory. The unit has had talks altogether with representatives of 98 firms and discussions are continuing with about 70.

One of the difficulties encountered is that there are so few examples in Britain of schemes which can be pointed out to those interested. The booklet prepared recently by the Tripartite Steering Group mentioned earlier, but Mr Jessup has taken up a fat volume from Sweden describing 500 such experiments in that country.

He reckons we are five to 10 years behind Scandinavia. Norway led the way in the 1960s, but it is in Sweden that the idea has really taken on. Many other industrial countries are following and support is coming from the ILO, the EEC and Nato.

Holland and the United States are both devoting considerable resources to it. During the next week or two representatives from France, Germany and South Australia will meet Mr Jessup and his colleagues in London to discuss the strategy of a national programme to stimulate action. "Things are happening suddenly and we need to keep abreast," Mr Jessup says.

Enough has been done in Scandinavia and elsewhere to show that it is possible to create a more satisfied working population by reorganizing undemanding repetitive jobs with little scope for initiative and at the same time maintain or increase productivity, improve working standards and reduce labour turnover and absenteeism.

Political disenchantment by influential Northerners may have been the main reason behind the replacement of General Gowon and his administration in Nigeria. But that dissatisfaction with the management of the economy came a close second, as shown by Brigadier Mohammed's immediate postponement of the costly and much criticized World Black Arts Festival, due to have been held in Lagos in November, and by the imposition of some swift military solutions on pressing economic problems—heavy lorries, for example, were banned from driving through the centre of Lagos.

The previous regime had been curiously—some would say admirably—reticent in using the military iron hand in economic matters. Earlier this year, for example, the Lagos-based civil servants' union, which had been striking for higher wages—as a result of which organized labour has recently become an important "second force" in the country.

If that was wise restraint many would have welcomed a more determined attitude towards other economic headwinds—the chronic congestion of Lagos port, to the appalling traffic jams, to frequent power and water cuts and to the poor communications system, particularly by air and rail, throughout the country.

An apparent fear of taking important economic decisions also gripped the administration, so that for example, it took over four years for the planners to decide where to site a second oil refinery, as a result of which there are now severe shortages of refined petroleum products, shortages which will continue until 1977.

A further weakness of General Gowon's administration was that economic planners tended to think too big, and to believe that money—in the shape of capital intensive projects—could solve if not all then most of Nigeria's economic headaches.

In part, this was caused by the sudden and massive boost in revenue caused by higher oil prices. Until recently, it looked as if the country could afford a "money no object" approach to economic development, which involved buying growth off the shelf.

One could say that the goods were there, but not the services: expensive machinery deteriorates because there are not enough experienced maintenance engineers; Nigeria Airways buys new aeroplanes but runs eight hours late and operates from airports lacking radar and properly aligned

flight paths; Nigeria Railways cannot run a reliable service from Lagos to Kano, yet has recently asked the Japanese to study the possibilities of installing a 130 mph service similar to the Shinkansen line; the new four-lane Eko Bridge was officially opened in Lagos last week and straight into a pitted one lane market road.

Money can of course buy a great deal, and a glowing exception to some of the "prestigious" disasters (amongst which might have to be included the Black Arts installations) is the splendid country-wide road network system which Nigeria has been building since the end of the civil war.

Nigeria faces five main economic problems: the consequences of the world economic recession; the decline in agricultural production; lack of capital resources; duplication of expenditure by each of the 12 states and finally the unnecessary economic burden of maintaining the huge army.

The world recession has a twofold effect on Nigeria, depressing demand for oil and, through continuing inflation, raising the cost of industrial products imported by Nigeria. Yesterday Nigeria cut the price of its oil for the second time this year and has already cut back production from a possible 2.3 million barrels per day to something nearer 1.7m b/d.

In a full year this will represent a loss in revenue of some £700m, quite a dent in the trade surplus, which last year amounted to £1,000m. The surplus will be whittled further by Western inflation, and if the world recession lasts much longer the new government might well have to review the ambitious £20,000m third national development plan, launched earlier this year by General Gowon.

Nigeria's economic picture, before the advent of oil, the mainstay of the economy, has been sadly neglected, and although it has become conventional wisdom for politicians, academics and economists to affirm loudly and frequently that oil money should be ploughed back into the land, little in practice has been done about it.

Extension services are still poor, incentives to farmers, in the shape of producer prices, are inadequate and it is quite obvious to the rural young that their only real hope of material advancement is to make for the nearest town.

As a result Nigeria has seen since the end of the civil war urbanization on a scale never before known in Africa; towns which five years ago housed a few thousand people today

count their inhabitants in hundreds of thousands, while Lagos is growing at the phenomenal rate of 17 per cent a year.

Overcrowding, increasing crime, ill health and the breakdown of social and essential services are the inevitable result. (Lagos was a few years ago named by the World Health Organization as the world's unhealthiest capital.)

Decreasing exports of primary produce do not necessarily indicate declining production, since increased domestic consumption as well as smuggling have also to be taken into account. But for whatever reasons, including, in the case of groundnuts, the effects of the Sahelian drought, the volume of produce exported has steadily dropped.

New can Nigeria feed itself, and last year the government had to spend large sums on importing grain. Apart from the obvious dangers of becoming a "monocrop" (oil) economy, there is an even more pressing reason why Nigeria needs to revive the agricultural sector: over 90 per cent of the population still derives its living from the land. The new development plan has earmarked £1,500m for agriculture and rural development.

After taking over the government Brigadier Mohammed remarked that the dismissed governors ran their states like private estates. Whatever there is in a general assertion like this (some governors were a great deal better than others) there is no doubt that a grave disadvantage of the federal system has been unnecessary and expensive competition between the 12 states.

Few services or industries are shared between neighbouring states and each wants what its neighbour has, regardless of relevance. In the new plan each state is due to have its own jet airport, while despite threats from the central government every state is going ahead

with its own plans for a television station. Another example of needless duplication has been the proliferation in the northern states of state-owned grain mills, so that the crushing capacity of the entire area is now double what would be needed assuming a one million ton crop (last year it was a quarter that figure).

The new government could not make a better start at economic reform than by cancelling needless duplications and by drawing up a rational allocation of industries and facilities for each state.

This lack of trained Nigerian manpower has been acknowledged as a big constraint on economic development, and was held responsible for the non-implementation of many of the second national development plan's original projects.

The older universities, partly publicly owned—Nigerian wings have contributed much to the country's development through their training programmes, and new companies wishing to set up in the country

are closely questioned about their plans for training Nigerians. Finally, the new government needs to examine the rationale for the armed forces, a non-productive force which acts as a heavy millstone round the economy's neck.

Taking the latest Udoji salary awards into consideration the services are costing the government in the region of £350m a year to maintain—that is to say recurrent expenditure, not taking into account vast amounts of capital spending on new barracks and aeroplanes. For a country with no external security threat that is an unjustifiable amount; what is more it appears that recruitment is still continuing.

Brigadier Mohammed in his first speech to the nation called for "sacrifice and self-discipline at all levels of our society". Civilians will respond that much more enthusiastically if, as head of the armed forces, Brigadier Mohammed exercises the same economies which he urges on the nation at large.

Alan Hutchison

## NOTICE OF REDEMPTION

To the Holders of

### Esso Overseas Finance N.V.

9% Guaranteed Debentures Due 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 15, 1970 providing for the above Debentures, said Debentures aggregating \$1,000,000 principal amount bearing the following serial numbers have been selected for redemption on September 15, 1975, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date:

#### DEBENTURES OF \$1,000 EACH

M 88	1124	2416	3896	4800	5967	7269	8967	9968	10698	11913	13140	14365	15588	16842	17771	18888
97	1188	2465	3943	4803	6014	7381	8969	10073	11359	12690	14061	15454	16872	18315	19784	21288
111	1203	2511	3789	4853	6037	7426	9013	10122	11413	12744	14125	15528	16951	18394	19857	21361
126	1255	2542	3822	4866	6067	7472	9014	10123	11414	12745	14126	15529	16952	18395	19858	21362
141	1301	2588	3869	4912	6108	7518	9015	10124	11415	12746	14127	15530	16953	18396	19859	21363
156	1347	2634	3915	4959	6154	7564	9016	10125	11416	12747	14128	15531	16954	18397	19860	21364
171	1393	2680	3962	5006	6200	7610	9017	10126	11417	12748	14129	15532	16955	18398	19861	21365
186	1439	2726	4009	5053	6246	7656	9018	10127	11418	12749	14130	15533	16956	18399	19862	21366
201	1485	2772	4056	5100	6292	7702	9019	10128	11419	12750	14131	15534	16957	18400	19863	21367
216	1531	2818	4103	5147	6338	7748	9020	10129	11420	12751	14132	15535	16958	18401	19864	21368
231	1577	2864	4150	5194	6384	7794	9021	10130	11421	12752	14133	15536	16959	18402	19865	21369
246	1623	2910	4197	5241	6430	7840	9022	10131	11422	12753	14134	15537	16960	18403	19866	21370
261	1669	2956	4244	5288	6476	7886	9023	10132	11423	12754	14135	15538	16961	18404	19867	21371
276	1715	3002	4291	5335	6522	7932	9024	10133	11424	12755	14136	15539	16962	18405	19868	21372
291	1761	3048	4338	5382	6568	7978	9025	10134	11425	12756	14137	15540	16963	18406	19869	21373
306	1807	3094	4385	5429	6614	8024	9026	10135	11426	12757	14138	15541	16964	18407	19870	21374
321	1853	3140	4432	5476	6660	8070	9027	10136	11427	12758	14139	15542	16965	18408	19871	21375
336	1899	3186	4479	5523	6706	8116	9028	10137	11428	12759	14140	15543	16966	18409	19872	21376
351	1945	3232	4526	5570	6752	8162	9029	10138	11429	12760	14141	15544	16967	18410	19873	21377
366	1991	3278	4573	5617	6798	8208	9030	10139	11430	12761	14142	15545	16968	18411	19874	21378
381	2037	3324	4620	5664	6844	8254	9031	10140	11431	12762	14143	15546	16969	18412	19875	21379
396	2083	3370	4667	5711	6890	8300	9032	10141	11432	12763	14144	15547	16970	18413	19876	21380
411	2129	3416	4714	5758	6936	8346	9033	10142	11433	12764	14145	15548	16971	18414	19877	21381
426	2175	3462	4761	5805	6982	8392	9034	10143	11434	12765	14146	15549	16972	18415	19878	21382
441	2221	3508	4808	5852	7028	8438	9035	10144	11435	12766	14147	15550	16973	18416	19879	21383
456	2267	3554	4855	5900	7074	8484	9036	10145	11436	12767	14148	15551	16974	18417	19880	21384
471	2313	3600	4902	5947	7120	8530	9037	10146	11437	12768	14149	15552	16975	18418	19881	21385
486	2359	3646	4949	5994	7166	8576	9038	10147	11438	12769	14150	15553	16976	18419	19882	21386
501	2405	3692	4996	6041	7212	8622	9039	10148	11439	12770	14151	15554	16977	18420	19883	21387
516	2451	3738	5038	6083	7254	8664	9040	10149	11440	12771	14152	15555	16978	18421	19884	21388
531	2497	3784	5080	6125	7296	8706	9041	10150	11441	12772	14153	15556	16979	18422	19885	21389
546	2543	3830	5122	6167	7338	8748	9042	10151	11442	12773	14154	15557	16980	18423	19886	21390
561	2589	3876	5164	6209	7380	8790	9043	10152	11443	12774	14155	15558	16981	18424	19887	21391
576	2635	3922	5206	6251	7422	8832	9044	10153	11444	12775	14156	15559	16982	18425	19888	21392
591	2681	3968	5248	6293	7464	8874	9045	10154	11445	12776	14157	15560	16983	18426	19889	21393
606	2727	4014	5290	6335	7506	8916	9046	10155	11446	12777	14158	15561	16984	18427	19890	21394
621	2773	4060	5332	6377	7548	8958	9047	10156	11447	12778	14159	15562	16985	18428	19891	21395
636	2819	4106	5374	6419	7590	8999	9048	10157	11448	12779	14160	15563	16986	18429	19892	21396
651	2865	4152	5416	6461	7632	9041	9049	10158	11449	12780	14161	15564	16987	18430	19893	21397
666	2911	4198	5458	6503	7674	9083	9050	10159	11450	12781	14162	15565	16988	18431	19894	21398
681	2957	4244	5499	6545	7716	9125	9051	10160	11451	12782	14163	15566	16989	18432	19895	21399
696	3003	4290	5541	6587	7758	9166	9052	10161	11452	12783	14164	15567	16990	18433	19896	21400
711	3049	4336	5583	6629	7800	9208	9053	10162	11453	12784	14165	15568	16991	18434	19897	21401
726	3095	4382	5625	6671	7842	9249	9054	10163	11454	12785	14166	15569	16992	18435	19898	21402
741	3141	4428	5667	6713	7884	9291	9055	10164	11455	12786	14167	15570	16993	18436	19899	21403
756	3187	4474	5709	6755	7926	9332	9056	10165	11456	12787	14168	15571	16994	18437	19900	21404
771	3233	4520	5751	6797	7968	9374	9057	10166	11457	12788	14169	15572	16995	18438	19901	21405
786	3279	4566	5793	6839	8010	9415	9058	10167	11458	12789	14170	15573	16996	18439	19902	21406
801	3325	4612	5835	6881	8052	9457	9059	10168	11459	12790	14171	15574	16997	18440	19903	21407
816	3371	4658	5877	6923	8094	9498	9060	10169	11460	12791	14172	15575	16998	18441	19904	21408
831	3417	4704	5919	6965	8136	9540	9061	10170	11461	12792	14173	15576	16999	18442	19905	21409
846	3463	4750	5961	7007	8178	9581	9062	10171	11462	12793	14174	15577	17000	18443	19906	21410
861	3509	4796	6003	7049	8220	9623	9063	10172	11463	12794	14175	15578	17001	18444	19907	21411
876	3555	4842	6045	7091	8262	9664	9064	10173	11464	12795	14176	15579	17002	18445	19908	21412
891	3601	4888	6087	7133	8304	9706	9065	10174	11465	12796	14177	15580	17003	18446	19909	21413
906	3647	4934	6129	7175	8346	9747	9066	10175	11466	12797	14178	15581	17004	18447	19910	21414
921	3693	4980	6171	7217	8388	9789	9067	10176	11467	12798	14179	15582	17005	18448	19911	21415
936	3739	5026	6213	7259	8430	9830	9068	10177	11468	12799	14180	15583	17006	18449	19912	21416
951	3785	5072	6255	7301	8472	9872	9069	10178	11469	12800	14181	15584	17007	18450	19913	21417
966	3831	5118	6297	7343	8514	9913	9070	10179	11470	12801	14182	15585	17008	18451	19914	21418
981	3877	5164	6339	7385	8556	9955	9071	10180	11471	12802	14183	15586	17009	18452	19915	21419
996	3923	5210	6381	7427	8598	9996	9072	10181	11472	12803	14184	15587	17010	18453	19916	21420
1011	3969	5256	6423	7469	8640	10038	9073	10182	11473	12804	14185	15588	17011	18454	19917	21421
1026	4015	5302	6465	7511	8682	10079	9074	10183	11474	12805	14186	15589	17012	18455	19918	21422
1041	4061	5348	6507	7553	8724	10121	9075	10184	11475	12806	14187	15590	17013	18456	19919	21423
1056	4107	5394	6549	7595	8766	10162	9076	10185	11476	12807	14188	15591	17014	18457	19920	21424
1071	4153	5440	6591	7637	8808	10204	9077	10186	11477	12808	14189	15592	17015	18458	19921	21425
1086	4199	5486	6633	7679	8850	10245	9078	10187	11478	12809	14190	15593	17016	18459	19922	21426
1101	4245	5532	6675	7721	8892	10287	9079	10188	11479	12810	14191	15594	17017	18460	19923	21427
1116	4291	5578	6717	7763	8934	10328	9080	10189	11480	12811	14192	15595	17018	18461	19924	21428
1131	4337	5624	6759	7805	8976	10369	9081	10190	11481	12812	14193	15596	17019	18462	19925	21429
1146	4383	5670	6801	7847	9018	10410	9082	10191	11482	12813	14194	15597	17020	18463	19926	21430
1161	4429	5716	6843	7889	9060	10451	9083	10192	11483	12814	14195	15598	17021	18464	19927	21431
1176	4475	5762	6885	7931	9102	10492	9084	10193	11484	12815	14196	15599	17022	18465	19928	21432
1191	4521	5808	6927	7973	9144	10533	9085	10194	11485	12816	14197	15600	17023	18466	199	











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## Stock Exchange prices Equities firmer

ACCOUNT DAYS: Dealings began Aug 11. Dealings end Aug 21. Contango Day, Aug 22. Settlement Day, Sept 2.  
§ Forward bargains are permitted on two previous days.



BRITISH FUNDS				COMMONWEALTH AND FOREIGN				LOCAL AUTHORITIES				FOREIGN STOCKS				DOLLAR STOCKS				BANKS AND DISCOUNTS				BREWERS AND DISTILLERS			
Code	Share	Price	Change	Code	Share	Price	Change	Code	Share	Price	Change	Code	Share	Price	Change	Code	Share	Price	Change	Code	Share	Price	Change	Code	Share	Price	Change
1000	1000	1000		1000	1000	1000		1000	1000	1000		1000	1000	1000		1000	1000	1000		1000	1000	1000		1000	1000	1000	







## OVERSEAS

Portuguese governor  
'in control' after  
Timor coup reports

Lisbon, Aug. 11.—Reports of a coup in Portuguese Timor today put more strain on Portugal's leaders, although the President's office denied that a coup had taken place.

First word of unrest in the remote island came in a brief radio message from Dili, the capital of Portuguese Timor, received in Darwin.

Later, broadcasts from Dili, monitored in Indonesia, said that the Democratic Union of Timor, one of the territory's three political parties, had seized the airport and communications centre and pulled off a successful coup.

A spokesman for President Costa Gomes later said that there had been unrest but "there was no coup". Colonel Lemos Pires, the Governor of Timor and commander-in-chief of Portuguese armed forces in the territory, was in full control of the island.

Details of events in Portuguese Timor were sparse in Jakarta because of a loss of communications with the island. The radio signal from Dili is weak and can be heard only in parts of Indonesia.

The broadcasts said that arms had been used in the coup, but it was nevertheless apparently bloodless. The 30,000 people of Dili were going about their business normally.

Portuguese military authorities in the colony had been asked to remain neutral and do so, the broadcasts said.

The spokesman in Lisbon gave a different account of events. He said that a group of men of the Democratic Union had attacked a Portuguese police post and seized weapons. They then surrounded the Portuguese military headquarters and forced the Governor to talk with them.

The presidency said in a brief statement that the Governor was holding talks with the Democratic Union and another party, the Revolutionary Front for Independent Timor East (Frente

lin) "to avoid any bloody confrontation". After talks last month on the future of the territory Portugal announced that it envisaged Timor remaining under Portuguese rule until October, 1976, when it would become independent.

Fretelin, which boycotted the talks last month, seeks immediate independence. The Democratic Union, a moderate group, wants an indefinite transitional period of continuing links with Portugal before final independence.

A third party, Apodeti, favours integration with Indonesia, which administers the western half of the island.

Today's broadcasts from Dili gave no reason for the action of the Democratic Union, but diplomatic sources in Jakarta suggested that a sudden lurch to the left by Fretelin might have provoked it.

In Darwin, Mr. José Ramos Horta, secretary general of Fretelin's political wing, told reporters: "I believe it was a coup d'état by the Timorese Democratic Union because of the situation in Portugal where the Government is going far left."

And in east Timor they are losing their previous strength and would not like to see east Timor under Fretelin leadership, which would affect their business interests.—Reuter.

Jakarta: Indonesia today proposed a merger with Portugal.

Mr. Adam Malik, the Indonesian Foreign Minister, told reporters that his country would protect the people of Portuguese Timor if they wanted to join the Republic of Indonesia.

Canberra: The Australian Foreign Affairs Department said late today that it had been informed that the Democratic Union had put on what it called a show of force in the colony but the situation was now reported to be calm.—UPI.

MPLA push  
drives  
rivals out of  
Luanda

Luanda, Aug. 11.—The National Union for the Total Independence of Angola (Unita) today became the second liberation movement to pull its forces out of the capital in the face of attacks by the Popular Movement for the Liberation of Angola (MPLA).

Unita's forces are now concentrating at Nova Lisboa, 400 miles to the south-east. About 500 troops of the National Front for the Liberation of Angola (FNLA) had also been pulled out of Luanda after 10 hours of heavy fighting during the weekend, leaving several hundred holding out in a Luanda fort and about 450 others elsewhere in the city, according to a military spokesman.

FNLA Ministers in the Transitional Government—comprising the three liberation movements and the Portuguese authorities—were also evacuated from the city on Saturday, raising questions about future administration.

A spokesman for Unita said he did not know if a Unita column which left Luanda at the weekend with 200 men, including members of the transitional government, had reached Nova Lisboa. Today's issue of the Comercio newspaper said they had been held up around Dondo, 120 miles to the south-east.

A military spokesman said the negotiations were going on about the evacuation of the FNLA troops, who have now been besieged in the colonial fort overlooking Luanda harbour for three weeks.

A column of 300 vehicles with 1,500 people was on its way from the southern city of Sa da Bandeira to the border with South-West Africa, 250 miles away, he added.

Several thousand people have arrived in South-West Africa. A column was also being organized for the eastern town of Henrique de Carvalho where Portuguese forces and civilians were to be evacuated from the town.—Reuter.

Lisbon: Portugal launched "Operation Air Bridge" today to accelerate the flow of refugees from Angola in what officials described in Lisbon as the greatest exodus in the history of Africa.

More than 2,000 refugees were expected to arrive in the first day of the expanded airlift, and this figure was to rise as more aircraft became available, according to officials of the Portuguese airline TAP.

They said six or seven aircraft owned by TAP, the Brazilian airline Varig and Swissair were already participating in the airlift, and other aircraft were being urgently sought.

The Government said that at least 250,000 of the estimated 450,000 Portuguese living in Angola have demanded flights out.—UPI.

Angola bishoprics, page 14

A Boston policeman and his mounted colleague prevent white bathers approaching an area occupied by blacks on Carson Beach, where racial violence erupted at the weekend.

Transkei to become  
a republic

From Nicholas Ashford  
Johannesburg, Aug. 11

The Transkei, which next year will become the first African homeland within South Africa to gain its independence, is to have a republican constitution. It will also remain in the rand currency area and join Botswana, Lesotho and Swaziland in the South African Customs Union.

These decisions were taken during a four-hour meeting of a Cabinet committee of the South African and Transkei Governments in Pretoria presided over by Mr. Vorster, the South African Prime Minister, and Paramount Chief Kaiser Matanzima, the Transkei Chief Minister.

Agreement was also reached on the procedures for signing independence, the reorganization of the Transkei Government service and the position of South African and Transkei citizens living in each other's countries. However the question of land jurisdiction and land issues has been postponed until a later meeting.

The Transkei, which covers an area of 16,675 square miles, is the tribal homeland or reserve for South Africa's 2,900,000 Xhosa-speaking people. At present 1,600,000 Xhosas reside there and the rest live in "white" designated areas, largely because of the lack of

job opportunities in the Transkei.

Legislation still has to be passed through the South African Parliament next session giving sanction for the Transkei's independence. This will then complete the separate development process for the Transkei which began with legislation in 1963 giving the homeland its own autonomous government.

The new country will be known as the Republic of Transkei and according to Chief Matanzima, will have a government based on that of South Africa. He said a general election would be held immediately after independence to obtain a mandate for his Government.

The South African Government attaches immense importance to its homeland policy which, it hopes, will show the world that separate development is an honest attempt to solve the country's racial problems.

Salisbury: Mr. Smith, the Rhodesian Prime Minister, today met the Cabinet and the ruling Rhodesian Front parliamentary caucus to discuss his talks at the weekend with Mr. Vorster in Pretoria.

The talks resulted in a number of proposals for resolving the Rhodesian constitutional dispute. Government spokesmen here said no statement on the proposals could be expected until later this week.—Agence France-Presse.

General Gowon may  
retire to Togo

Lome, Togo, Aug. 11.—General Yakubu Gowon, the deposed Nigerian head of state, left Lome today for Accra on his way to London to join his family.

President Eyadema of Togo, a personal friend, drove with General Gowon to the frontier today, where an official car sent by the Ghanaian Government waited to take him to Accra. Informal sources in Lome said that General Gowon might decide to return with his family to Togo to live in exile.

Senior Togolese officers and government officials joined President Eyadema at the frontier to wave goodbye to General Gowon and a large crowd gathered to cheer.

Lagos: Nigeria's new military rulers today announced the release of 50 people detained by the ousted regime of General Gowon. They included five officers held for their part in the first military coup in Nigeria in January, 1966.

The first military coup overthrew the civilian Government of Alhaji Sir Abubakar Tafawa Balewa, who was killed. A second coup brought General Gowon to power six months later.

Most of the civilians freed today had been detained for criticisms of General Gowon's Government. Under emergency rules, the police can detain people indefinitely without trial for reasons of security. An official announcement about the release of the detainees said: "The 50 detainees are being released so that they can be free to pursue their legitimate duties in the hope that they will decrease from activities which are likely to interfere with the resolute determination of the federal military Government to build a stable, united, happy, contented and disciplined nation."

The Government added that it would not tolerate any subversive activities. Brigadier Emmanuel Abisoye, commanding the 3rd Infantry Division, told reporters in Jos yesterday that the new military rulers would soon announce their programme for a return to civilian rule.—Reuter.

Kenya detains Britons in  
sudden check on aliens

From Our Correspondent  
Nairobi, Aug. 11

The arrest and detention of scores of Britons and other foreigners in police stations over the weekend led the British High Commission here to make representations to the Kenya Government, complaining that consular access had been denied.

It appears that a fairly widespread check on aliens was carried out. People who could not immediately prove their identity and their immigration

status were held under arrest. The largest number detained in the police station at Nakuru, 100 miles from the capital.

A British spokesman said that not only Britons were involved, but the High Commission was concerned because of the difficulty of obtaining consular access to British subjects detained.

They had now been given to understand that all the Britons detained at Nakuru police station had been released.

## Blows at Athens torture trial

From Our Correspondent  
Athens, Aug. 11

Fighting broke out at the court martial in Athens today of 14 officers and 17 privates of EAT-ESA, the notorious special intervention section of the military police during the dictatorship.

During a brief recess, a prosecution witness, Mr. Hippocrates Savouras, a member of Parliament who had suffered a great deal in the hands of the military police, had a violent explosion with one of the defendants, Lieutenant-Colonel Theodoros Theophyloukarakos and advanced threateningly against him. When the gendarmes held the deputy back, a young man approached him and hit him with his fist in the eye.

Mr. Savouras, a former boxer, charged but the young man was rescued by the police. He was later identified as Mr. Demetrios Vlachos, an author and actor, and was sued for assault.

Earlier Colonel Theophyloukarakos, who has been reduced to the ranks, had screamed at another witness, Mr. Panourghias Panourghias, Under-Secretary of Communications, who declared that the dictatorship had been using the Army to torture their opponents, thus creating a gulf between the people and the armed forces. He said that the men employed by EAT-ESA as torturers had been specially trained and totally inhuman.

At this point Colonel Theophyloukarakos stood up and said: "You cannot accuse so lightly the select nationalist youths that we managed to recruit."

Earlier, when Lady Fleming took the witness stand, she looked pale and shaken. She refused to look at the defendants, saying that in the 32 days she had been detained by EAT-ESA she had lost 55 lb and had been denied water for 20 hours.

Lady Fleming said that her interrogator, Colonel Theophyloukarakos, had told her: "I can show them to you, treatment you are getting compared to others. She realized that they hesitate to use violence because of the publicity of it."

Victor Adamides, a Greek newspaper editor, the chief of the jury, told the court that he had tried to talk one life in a military cell in 1973, because of degrading treatment.

Major Nikolaos Hatzidakis of the three former commanders of EAT-ESA, was expelled from the room by the press judge for calling Ad Engolopoulos a "scoundrel".

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New seth  
to Ford  
policies o  
energy

From Frank Vogt  
Washington, Aug. 11

President Ford's energy policies suffered another setback when the United States Court of Appeals ruled that the Administration's position of high oil imports was unconstitutional.

The President has reduced American dependence on foreign oil by increasing duties and by gradually cutting domestic oil prices. Congress recently rejected a price decontrol plan.

This leaves the President virtually no room to maneuver in the oil market. Congress for extending controls for six months the present expiry August 31.

The court's decision is a major blow to the President's energy policy. It also is another blow to the Administration's efforts to control oil prices by claiming that the Constitution gives the President authority to regulate foreign trade.

The judges fully accepted the Administration's view that the President's energy policy is necessary to the national interest. They also said that the President's authority to regulate foreign trade is not unlimited.

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Russia told after two days  
of composer's death

Moscow, Aug. 11.

The Soviet leaders finally broke the news of the death two days ago of Dmitri Shostakovich to the Soviet people tonight, calling him "a great composer of our time".

There was no explanation for the 48-hour delay in announcing the death of the 68-year-old musician had died of a heart attack here. His death had already been confirmed by Tass news agency in its foreign service.

An official obituary signed by Mr. Brezhnev, the party leader, Mr. Kosygin, the Prime

Minister, and President Podgorny was read tonight on the evening television news.

The Soviet leaders declared, describing the dead composer as a man with a high sense of civic duty, spiritual generosity and exceptional modesty.

Meanwhile, an official of the Soviet Union of Composers said a state commission was meeting today to decide the details of the funeral. Relatives of Shostakovich said they believed his body would lie in state in the Moscow Conservatoire on Thursday morning before burial in the Novodevichy Monastery.

Israel pulls  
out of  
crime talks

From Our Correspondent  
Tel Aviv, Aug. 11

The Foreign Ministry in Jerusalem decided today against official Israeli participation in the United Nations conference on the prevention of crime which was transferred to Geneva from Toronto when Canada balked at holding it after the Palestine Liberation Organization (PLO) had been invited to send observers.

The decision today solved a dilemma for Professor Shlomo Shoham, lecturer in criminology at Tel Aviv University, who had been invited by the United Nations secretariat to serve as rapporteur.

His acceptance this week with the approval of the Foreign Ministry evoked claims that his role at the conference would be a rude slap in Canada's face and an Israel stamp of legitimacy for the controversial meeting.

Some critics suspected Professor Shoham, head of the crime prevention and social defence section at the United Nations secretariat, had been instructed to invite the Israeli for a very purpose. But Professor Shoham said he was convinced he had been invited for his personal merits and that he could, moreover, serve Israel's interests.

Professor Shoham said tonight as an Israeli he will stay home in accordance with his Government's decision.

## Israel doubts on new Kissinger mission

From Eric Marsden  
Jerusalem, Aug. 11

Dr. Kissinger, the United States Secretary of State, is being left to decide whether it is opportune for him to return to the Middle East next week for a new attempt at shuttle diplomacy to negotiate a further interim agreement between Egypt and Israel.

At its meeting yesterday the Israel Cabinet took no decision on his proposal for an early visit, but many ministers made it clear that they regarded it as premature.

The Secretary of State's desire for haste is attributed to his belief that unless an agreement is concluded before the United Nations General Assembly opens in September the danger of Israel's suspension will be increased. He is believed to want to settle the issue and be back in Washington by the first week of the month.

It is argued in Israel, the situation will be far worse if Dr. Kissinger's shuttle diplomacy fails again. According to



Frost-Nixon deal: David Frost, the British television interviewer, has signed a contract with former President Nixon for four 90-minute "television memoirs" programmes based on the Watergate scandal.

He said the contract was signed on Sunday, exactly a year since Mr. Nixon resigned in the face of certain impeachment. The programmes will not be shown before next year's presidential election.—Agence France-Presse.

## Gaddafi closure of border to Egyptians

From Paul Martin  
Beirut, Aug. 11

Libya has banned all Egyptians from entering the country. The decision, announced in Egypt today, brought the two neighbouring Arab countries closer than ever before to a total break in relations.

Egyptians had been expecting a retaliation of this sort since the Organization for African Unity summit conference. Colonel Gaddafi has accused President Sadat of "selling out the Palestine cause" by his persuading African leaders against supporting a demand for

Israel's expulsion from the United Nations. Since then, Colonel Gaddafi has begun to mobilize his forces in the Arab world, principally those who reject the present Middle East peace moves as well as opponents of President Sadat. He had given warning that he would use his power to try to prevent the American peace moves from going through.

The latest Libyan move is unlikely to put much pressure on Egypt. Many Egyptians had left the country voluntarily for the past few months.

For the past few months, not been narrowed to the extent that Washington is claiming and that his chances of success are much less than the 90 per cent he regards as a prerequisite.

The five-hour Cabinet meeting yesterday was in secret but reliable reports indicate that much of it was taken up by ministerial criticism of the American-inspired optimism expressed by some officials last week. Cabinet members found little to justify this in the report of the negotiating team led by Mr. Rabin, the Prime Minister.

One of the hard-line ministers maintained that Egypt's reported movement towards the Israel position was no more than a modification of demands which had been deliberately exaggerated, and said that the enthusiasm it aroused was a grave mistake. He pointed out that Mr. Rabin had given a warning that basic differences remained on key issues.

Ministerial misgivings are echoed in the press today. The Maariv quotes in a leading article a cryptic remark attributed to "a source close to the

negotiating team" that "the trouble is that the Egyptians are ready to accept Israel's proposals—with their extensive concessions. Perhaps a situation would have arisen more favourable to Israel if the Egyptians had rejected Israel's proposals."

Mr. Rabin adds in explanation that since the failure of the talks in March, Israel had been negotiating with the United States seeking to assuage the anger of President Ford and Dr. Kissinger by offering concessions to President Sadat of Egypt, but it was still not clear what he would offer in return.

A strong resistance to any surrender is building up. The right-wing Likud Party intends to demand the recall of the Knesset from its summer recess.

One of the most vigorous opponents of the proposed agreement behind the scenes is reserve General Ariel Sharon, now Mr. Rabin's military adviser.

He recently visited the Sinai passes with Mr. Rabin. Mr. Peres, the Minister of Defence, and Lieutenant-General Mordechai Gur, the Chief of Staff,

West Bank  
protests  
over mosque

From Our Own Correspondent  
Jerusalem, Aug. 11

Demonstrations are being held throughout the West Bank against the Israel Government's decision to partition the Mosque of Abraham at Hebron to allow Jewish worshippers from the adjoining estate of Kiryat Arba to pray there at any time.

A big rally yesterday at Hebron, Nabulus and Jericho demands were made for a return to the status quo under which the Kiryat Arba settlers were restricted to prayers at certain times of day.

The head of the Supreme Muslim Council in Jerusalem, Sheikh Hilmi Muhammad, has denounced the government move as an attempt to turn part of the mosque into a synagogue by reserving the halls dedicated to Abraham and Jacob for use by Jews exclusively. Muslim states are under a ban on supporting the West Bank campaign.

An attempt to close down the Jerusalem Arabic daily newspaper A-Shaab, which expresses open support for the Palestine Liberation Organization, has apparently been shelved after the decision was leaked.

In the drearia, and to most Arabs tiresome, propaganda campaigns waged by the two regimes, each has claimed many coup attempts mounted by opposition elements in each other's country.

From Our Correspondent  
New York, Aug. 11







